METAAGE CORPORATION
邁達特數位股份有限公司
IT智能化最佳夥伴

Code：6112
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www.Metaage.com.tw
mops.twse.com.tw

(Formerly known as SYSAGE TECHNOLOGY CO., LTD.)

Metaage Corporation 2022 Annual Report

Printed on April 1, 2023

Spokesperson & Deputy Spokesperson

Name of the Spokesperson: TK Young

Title of the Spokesperson: President

Name of the Deputy Spokesperson: Mavis Lin

Title of the Deputy Spokesperson: Chief Financial Officer

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Location & Phone of Headquarters & Branches:

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Stock Transfer Agency:

Name: Stock Transfer Agency Department of Taishin Securities Co., Ltd

Address: B1, No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City

Website: https://www.tssco.com.tw

Tel: (02)2504-8125

Contact Information of the Certified Public Accountants for the Latest Financial Report:

Name: HUNG-WEN FU、MEI-PING Wu

CPA Firm: KPMG Peat Marwick

Address: Taipei 101 Tower, 68F, No.7, Sec. 5, Xinyi Road, Taipei City

Website: https://home.kpmg/tw/zh/home.html

Tel: (02) 8101-6666

Overseas Trade Places and Related Information for Listed Negotiable Securities: None.

Corporate Website: http://www.metaage.com.tw

I. Letter to Shareholders

Greetings to all of our Valued Shareholders,

With many efforts of the company's management team and all colleagues, the consolidated gross margin was 13.9% in 2022, and continue raising, and by adopting a steady business strategy, and in addition to further understanding of market trends and requirements, we focus on cultivating various product lines and enhancing technical services to increase added values, expecting to create considerable results.

The result of operating performance for 2022 and business plan for 2023, are as follows:

A. Operating performance in 2022

(A) Results of business plans implementation

As the economic scale of cloud service grows, Metaage is responding to this new economic wave by not only integrating the world-famous network & communication products of enterprise cloud software and hardware products it distributed, but also acquiring certification of AWS MSP in April 2022, becoming AWS Managed Service Provider, and establishing 7x24 cloud MSP hosting center for increasing business opportunities of cloud services. In July 2022, Metaage also acquires distribution rights of Microsoft, and begin to sell cloud services, such as, Azure, Microsoft 365, etc. Furthermore, Metaage breaks away from the traditional management framework of the distributors, integrates distribution resources of cloud and on-Premises, connects application ecosystems of ISV and SI, and establishes MetaMatch cloud market for connecting the overall application system and strengthening the growth of future operations. Whether the cloud migration, cloud connect, or cloud application development are able to meet customers' demands.

(B) Budget implementation: Not applicable. The company does not announces 2022 financial forecast to the public.

(C) Financial status and profitability analysis

1. Financial Status：

According to the consolidated financial statements of 2022, the company's cash provided by operating activities was NT$ 0.496 billion, and cash used in investing activities was NT$ 0.129 billion, cash used in financing activities was NT$ 0.265 billion, as well as cash and cash equivalents increase NT$ 0.11 billion during the period. Cash and cash equivalent at the end period were NT$ 0.784 billion.

2. Profitability analysis：

According to the consolidated financial statements of 2022, the company's gross margin, ratio of return on total assets, ratio of return on shareholders' equity, ratio of profit before income tax to capital stock, and profit ratio were 13.91%, 5.10%, 9.63%, 28.28% and 3.55%, respectively. Due to the benefits by the demands of cloud services and stable management, gross margin in 2022 continued to increase. The profit for the period decreased compared with 2021, due to focusing on the core business, and disposed of non-core investments in 2021.

(D) Research and the development status：

Metaage serves as a distributor of global leading brands of software and hardware products in the information industry, and all brands have world-top-notch technical capabilities. Thus, Metaage strives to increase technical capabilities at all times, in order to provide professional services for customers.

The company's technical professionals focus on researching various new products, and acquire manufacturers' professional certificates, in order to provide through services to customers.

In addition, for demands of enterprise digital transformation for software integration and consulting services, the company has assembled a team of software development and consulting integration services to assist customers with transforming existing business flows to meet changes in the markets, Also, the company established Cloud Management Platform in 2022, It provids customers with cloud storage and Utilization management services, for creating proficient operating efficiency.

B. Business plan for 2022

(A) Business objectives

The company serves as a distributer for famous global brands of software, hardware and cloud products of information and system, upholds the concept of the integrated marketing of "Brands channels; Cloud Connect.", and provides customers with integration of information and communication in different fields, through cooperation with partners in Taiwan, and integration with cloud-to-premises connection to provide security, competitive cost and flexibility required by enterprises.

In response to the sales model of the distributing brands changing into the mode of subscription and cloud, and becoming distributor for Microsoft(Azure) and AWS MSP in 2022, a MSP hosting center of cloud services has established to improve the value-added cloud services of customers in the future. In addition, the manufacturers of the existing distribution products introduce applications for integration of different manufacturers of cloud services. Hence, Metaage will combine distribution brands to provide applications of solutions of hybrid cloud for customers in Taiwan.

For ISVs and partners with own software solutions, the ecosystem of MetaMatch cloud market will be used to integrate and bundle applications of distributing cloud products, selling through the distribution and marketing channel system, to create a win-win mode with partners, Metaage, and distributing brands.

The company continues to focus on its target of increasing the width and depth of services to customers. In 2021, the company acquired Advanced TEK International Corp., which specializes in providing ERP implementation and maintenance services, and acquired data services provider DSI Group. In December, 2022, merged Metaguru Corporation, which specializes in business process management system, and providing solutions for digital transformation of enterprise human resources, and Corex in South Africa, which also serves as distributor of products of information and communication, for development of overseas markets, and continuing to reaching the goal of becoming the best partner for enterprise IT intelligence with diversified business directions.

(B) Sales forecast and its reference and important policy of production and sales:

1. The company distributes software and hardware products of information and communication, most are project-based sales and value-added services. As the product differentiation is vast and unit price varies, the sales forecast of each product is difficult to predict.
2. The operating strategy and business development focus on consolidation and enhancing "Brands channel; Cloud Connect.": To develop traditional distributing business and cloud business, and to promote products in 6 segments, network, system, information security, business software, big data analysis, and cloud, maintain a good interaction with important customers, and maximize the effectiveness of distributing products. As products are diversified and complete, it will assist digital transformation for customers.
3. We Continue to develop the next stage of the management platform and MSP hosting center of cloud services, and integrated management of the cloud services of AWS, Akamai, Azure, Google Cloud, and Cisco Webex last year. We expect to continue development in 2023 and provide partners to manage all customers' cloud service fees and subscription authorization expiration dates, so that partners can generate bills for customers, improve and enhance the value-added services for partners.
4. Ahead of the competitions, introducing MetaMatch cloud market, which is a new economic cooperation ecosystem, recruiting ISVs (Independent Software Vendors) in Taiwan, and assisting ISVs to integrate technologies and sales with self-developed applications, and cloud services and products distributed by Metaage, for creating the growth with Metaage, ISVs, and manufacturers.

C. Development strategy of the company in the future

(A) To dedicate on existing distributing product line, and continue to introduce new products with added-value and synergy:

With more than 20 years of sales experience, the company has distributed more than 50 world-renowned IT brand products. With a variety of vertically integrated solutions, excellent and extensive product specifications, a deep and meticulous distribution channel system, and 24/7 uninterrupted service capabilities, we are able to accurately understand the key demands of enterprises, and continue to expand the width of operations and increase the depth of technical services. We have formulated a product development strategy focusing on four major solutions, including "cloud service", "AI data analysis", "modernized application software" and "information security", and put much effort in strengthening the arrangement of related products and services, and also make in-depth connections with Domain Know-how in different industries. In the future, we will continue to expand the arrangement of distribution, and reserve the integration tools of software and hardware for digital transformation with cloud, digitalization, internationalization, and mobilization for customers.

(B) For the new economic model of cloud, we use the MetaMatch brand to integrate applications in the ISV and SI ecosystems. Through the integration of marketing by distributing products, manufacturers/distributors/Metaage create a new ecosystem for creating more business opportunities. In addition, sales of distributing brands have shifted to subscription and Pay As You go model, and the application has been converted to cloud services. In order to provide partners with better services, the Cloud Management Portal will continue to be developed, and be integrated with the subscription and payment management of distribution products, so that partners can simplify the management procedure of the monthly account management and expiration of subscription, and making a closer relationship between Partner and Metaage.

(C) Integration with group resources, expanding product lines and developing new customers: Integrating resources from Qisda to help company expand present product lines, develop new product lines, carry out diversified business investment plans, and jointly develop opportunities of potential group customers to enhance the company increases its operating revenues, profits, and shareholders' equity.

(D) To improve demonstrations, display environment, and increase innovation of technical services: Except for continuing to increase innovation and services in the scope of business and technical services, and having sufficient support of technical logistics, we provide excellent exercises and demonstrations. Since our operating sites include 4 locations, in Taipei, Hsinchu, Taichung, and Kaohsiung, and Demo environments across the province, it could immediately provide the best market coverage, technical support, education and training, as well as new equipment and solutions of exercises and demonstrations to manufacturers and partners, hence we increase gross profit margin through the increase in the proportion of services revenue.

D. The impact of the external competitive environment, regulatory environment, and macroeconomic conditions

As the pandemic continues to affect the world in 2022, it triggered enterprises to sense the importance of quickly implementing digital transformation, and provide a positive effect on the company’s operation. However, since macroeconomic became unstable due to the pandemic, enterprises adopt a conservative attitude in all expenditures, and it triggers challenges to the company that put much effort in increasing business and we hope to expand business more rapidly, as the pandemic comes to an end and economics becoming stable.

While the industry of information and communication booms and brings various business opportunities, legal compliance is increasingly becoming an important part of the business operation. Besides continue to strengthen the legal compliance requirements for its distributed brands, the company also continue to increase various controls that will amplify legal compliances, and to become a trustworthy partners for the ICT brands its distributing. Therefore, we plan to adopt to ISO 27001(ISMS), ISO

45001(OHS) and ISO14064 (organization greenhouse gas inventory certification) in 2023, which has met the ESG requirements of corporate operations.

We offer our sincerest thanks for shareholders' trust and all employees' effort. During a new year, the company and its subsidiaries shall continue to strive for the increase in operating performance, assume earning profits as our important mission, and focus on becoming a professional suppliers of professional application services of information and communication of the ICT solution provider. We hope to strive for greatest motive behind progress and seek for the best interest of the shareholders. we offer our sincerest appreciations for shareholders' support and openly welcome for feedbacks.

Sincerely yours,

Chairman: Michael Lee

President: TK Young

II. Company Profile

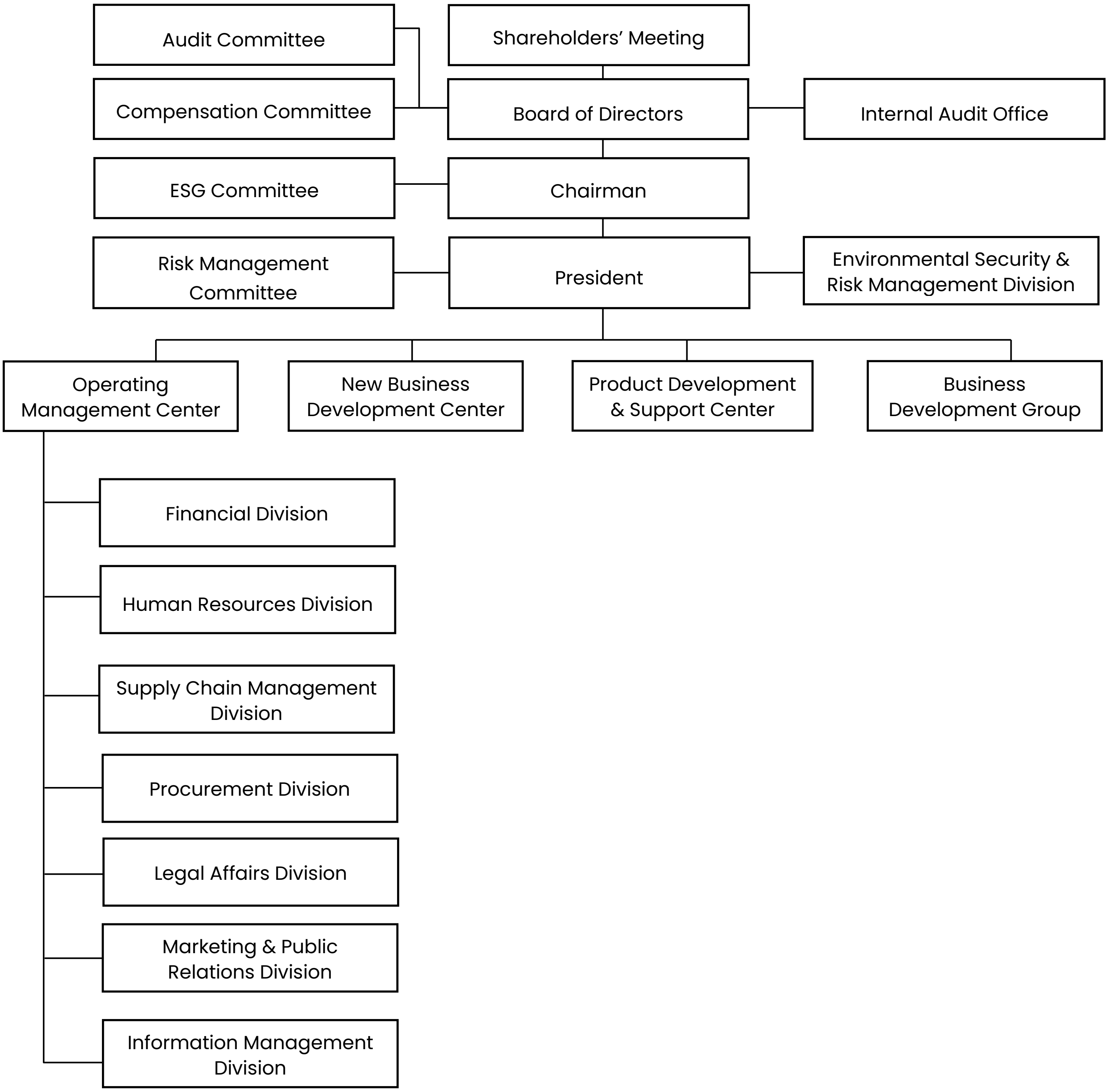
1. Date of Establishment: April 16, 1998
2. Company History

1998/04	Company established at Hsinchu, with a capital at NT$34,300,000, authorized by Ministry of Economics Affairs, ROC.
1998/05	Acquisition of distribution rights of network product of CISCO US.
1998/07	Establishing the Taipei office.
1999/01	Establishing the Kaohsiung office.
1999/01	Acquisition of distributing rights of products of the work station of Dell.
1999/09	Acquisition of distributing rights of products(Oracle) of data base of the US company.
2000/12	Acquisition of distributing rights of work station products and servers of IBM.
2001/08	Officially listed at OTC(stock code:6112).
2002/06	To purchase the office building at 8-11 Floor, No. 512, 514 and 516, Sec. 1, Neihu Rd., Neihu Dist., for integrated requirements of marketing, research and development, test and warehouse.
2003/07	Acquisition of exclusive distributing rights of the access platform of enterprise information application of Citrix.
2003/08	Officially listed at TWSE, from OTC.
2007/04	To officially become OAEC.
2007/08	Acquisition of the distributing right of EMC in Taiwan.
2008/08	Acquisition of the distributing right of IBM Cognos.
2008/12	Acquisition of the distributing right of HDS.
2009/02	Acquisition of the distributing right of Informatica.
2009/03	Acquisition of the distributing right of Novell.
2009/10	Acquisition of the distributing right of Falconstor in Taiwan.
2010/07	Acquisition of the distributing right of VMware in Taiwan.
2013/01	Acquisition of the distributing right of SafeNet in Taiwan.
2013/07	Acquisition of the distributing right of Red Hat in Taiwan.
2013/11	Acquisition of the distributing right of Quantum in Taiwan.
2014/03	Formally distributing the audit system of security control of CPS Systems.
2015/01	Formally distributing products of Eaton.
2016/01	To become an enterprise partner authorized by Apple.
2016/05	To become an authorized partner of the manufacturer(STULZ) of conditioning of the data center in German.
2017/04	To become a member of DIGI-CLOUD Alliance of Dell.
2018/05	Acquisition of the distributing right of Akamai in Taiwan.
2019/09	Merged into Qisda Group.
2020/01	Acquisition of the distributing right of apigee.
2020/02	Acquisition of the distributing right of SecurityScorecard.
2020/03	Acquisition of the distributing right of datto.
2020/05	Acquisition of the distributing right of UiPath.
2020/06	Acquisition of the distributing right of Hubspot.
2020/10	Acquisition of the distributing right of SYNERGIES.
2021/03	QISDA CORPORATION purchased additional 16.37% outstanding shares of the company, aggregately holding 51.41% of the shares of the company.
2021/12	Acquisition of the distributing right of Infobip.
2022/6	"SYSAGE TECHNOLOGY CO." has been renamed "Metaage Corporation"
2022/8	Acquisition of the distributing right of Infoblox&Wrike.
2022/9	Acquisition of the distributing right of INDENI.
2022/10	Acquisition of the distributing right of ONES software.

III. Corporate Governance

A. Organization

(A) Organizational Structure



(B) Business Scope for Main Departments

Departments and Units	Functions and Responsibilities
Internal Audit Office	To set the annual plan and execution of audit and implementation, improvement, follow-up survey of the internal control policy.
Business Development Group	1. To understand customers' requirements and pain points, and provide professional customized services to keep a good relationship with customers and operate sustainability. 2. To continue to explore new markets and expand different scope of customer groups. 3. To increase the sales contents and scopes of products and services. 4. To provide products, services, solutions and consulting, and provide one-stop pre-sales and after-sales services to customers.
Product Development & Support Center	1. Available assessment of acquisition of distribution rights of ICT products. 2. To assist business development markets, provide customized project services of pre-sales assistance and development training programs for partners. 3. To provide overall solutions for enterprise customers, and propose planning and implementation plans of specific software and hardware integration, based on the company's distribution products. 4. To provide customers with complete and professional installation, construction and after-sales support services, including network information security, system storage, back-up and recovery, multi-cloud platform and cloud to on-premises integration, etc.
New Business Development Center	1. Cloud business development and market strategies. 2. Responsible for sales management, customer services and market development of cloud products. 3. To provide AWS cloud solutions, cloud consulting services, and migration structure suggestions. 4. To provide enterprise cloud market planning and market links. 5. Evaluation of distributing cloud services and confirmation of workshop.
Operating Management Center	To manage all operating related matters and supervise financial division, human resources division, supply chain management division, procurement division, legal affairs division, marketing & public relations division, information management division, etc.
Financial Division	1. Accounting policies, conducting, analysis and planning of accounting and tax. 2. Acquisition, utilization and arranging financial funds and other related matters, etc. 3. Application of various financial statement data for providing business directions. 4. Stock affairs, tax planning and other related businesses, etc.
Human Resources Division	1. HR management and development, including recruitment and appointment, salaries and benefits, organizational and talent development, learning and development, and health management. 2. Employee relations and services, including employee benefits and administrative services.
Supply Chain Management Division	1. To review PO. 2. inspection and acceptance of inventories(including entity and non-entity products) and requesting payments. 3. import and export procedures 4. Related operations include purchasing and sales management, warehouse management for inventory.
Procurement Division	To responsible for procurement procedure of sales & non-sales products of the company.
Legal Affairs Division	1. Drafting of contracts, trial and negotiation. 2. Legal compliance with international operations. 3. Management and execution of non-litigation/litigation cases. 4. Legal aspects of layout of strategies of international business cooperation. 5. Drafting the standard contract template and developing SOP for the company.

Departments and Units	Functions and Responsibilities
Marketing & Public Relations Division	Responsible for marketing of all the company's products, Plan and promote the business of all product lines. At the same time, the division is also responsible for negotiating cooperation plans with media, providing press releases and events information, filing lists, holding and executing relevant issues of seminars.
Information Management Division	1. Development and maintenance of the company's internal information system. 2. To plan and establish enterprise network, and to protect network securities, etc. 3. Design and analysis of internal business intelligence system of the enterprise. 4. To assess and improve the current system and to develop structure design of the application system in the future.
Environmental Security & Risk Management Division	Responsible for occupational safety and health, risk management, and ESG, etc.

B. Directors, Supervisors and Management Team

(A) Directors and Supervisors (1)

April 1, 2023；Units: Shares

Title	Nationality or Place of Registration	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Metaage and Other Companies (Note)	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	ROC	QISDA CORP.	-	2022.5.26	3	2019.9.26	96,841,239	51.41%	96,841,239	51.41%	-	-	-	-	PHD of Department of Electrical Engineering of NTU, The president of Smart Solution Business Group of Qisda Corporation, Chairman of ACE PILLAR CO., LTD Chairman of AEWIN Technologies Co., Ltd, Deputy Chairman of PARTNER TECH CORP	Chairman ACE PILLAR CO., LTD. AEWIN Technologies Co., Ltd LA FRESH INFORMATION CO., LTD BenQ Guru Software Co., Ltd.(Suzhou). Deputy Chairman DFI INC. PARTNER TECH CORP. Director APLEX TECHNOLOGY INC. Expert Alliance Smart Technology Co. Ltd. Expert Alliance Systems and Consultancy (Hong Kong) Limited BenQ Guru Holding Limited Brainstorm Corporation Partner Tech Europe GmbH	-	-	-	
		Representative: Michael Lee	Male 41~50 years old				-	-	81,000	0.04%	-	-	-	-						

Title	Nationality or Place of Registra-tion	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Metaage and Other Companies (Note)	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	QISDA CORP.	-	2022. 5.26	3	2019. 9.26	96,841,239	51.41%	96,841,239	51.41%	-	-	-	-	EMBA of NTU, California State University, Fullerton MBA, CFO of Qisda Group, Vice financial president of Qisda Corporation, CFO of Daxon Technology Inc.	Chairman Darly Venture Inc. Director, Darly2 Venture, Inc. Director, Darly Consulting Corporation. Director DARFON ELECTRONICS CORP ALPHA NETWORKS INC. DATA IMAGE CORPORATION K2 INTERNATIONAL MEDICAL INC. BENQ CORPORATION QISDA OPTRONICS CORP. BenQ Healthcare Consulting Corporation BenQ Hospital Management Consulting (Nanjing) Co., LTD NANJING BenQ Hospital Co., Ltd Suzhou BenQ Hospital Co., Ltd Suzhou BenQ Investment Co., Ltd. BenQ Biotech (Shanghai) Co., Ltd TECH FILTER (Shanghai) CO., LTD. Qisda Co., Ltd BenQ BM Holding Corp. BenQ BM Holding Cayman Corp. Qisda Sdn. Bhd. Qisda (L) Corp. Darly Venture (L) Ltd.	-	-	-	
		Representative: Chiu-Chin Hung	Female 51~60 years old				-	-	-	-	-	-	-	-						
Director	ROC	QISDA CORP.	-	2022. 5.26	3	2019. 9.26	96,841,239	51.41%	96,841,239	51.41%	-	-	-	-	Master of Economics, University of Nottingham, President of business development center of METAAGE CORPORATION, Chairman of GLOBAL INTELLIGENCE NETWORK CO., LTD., Director of EPIC CLOUD CO., LTD.	Chairman GLOBAL INTELLIGENCE NETWORK CO., LTD. Director EPIC CLOUD CO., LTD.	EPIC CLOUD Director	Chien-Cheng, Shih	Spouse	
		Representative: Shu-Erh Kuo	Female 51~60 years old				-	-	116,127	0.06%	171,425	0.09%								

Title	Nationality or Place of Registra-tion	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Metaage and Other Companies (Note)	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Director	ROC	QISDA CORP.	-	2022. 5.26	3	2019. 9.26	96,841,239	51.41%	96,841,239	51.41%	-	-	-	-	Juris Doctor, Suffolk University Law School, CLO of Qisda Corporation, President of METAAGE CORPORATION	Chairman EPIC CLOUD CO., LTD. Metaguru Corporation Director GLOBAL INTELLIGENCE NETWORK CO., LTD. GRANDSYS INC. ADVANCEDTEK INTERNATIONAL CORP. Statinc Co., Ltd. COREX (PTY) LTD.	-	-	-	
		Representative: TK Young	Male 41~50 years old				-	-	20,000	0.01%	-	-	-	-						
Independent Director	ROC	Wen-Tsung Wang	Male 51~60 years old	2022. 5.26	3	2016. 6.13	-	-	-	-	11,903	0.01%	-	-	EMBA of National Tsing Hua University, Bachelor degree of Accounting, Feng Chia University,, CPA of Hui-Min Accounting Firm, CPA of Biing-Cherng CPAs	Director Tia-Nai Art Center Co., Ltd. Independent director COREMAX CORPORATION CHYI DING TECHNOLOGIES CO., LTD. Supervisors EMAX TECH CO., LTD. Chung Hua University	-	-	-	
Independent Director	ROC	Chin-Lai Wang	Male 61~70 years old	2022. 5.26	3	2019. 9.26	-	-	-	-	-	-	-	-	PHD of Business Administration, NCCU, MD of Ernst & Young Global Limited, Chairman of EY Management Services Inc	Deputy Chairman&President ELITEGROUP COMPUTER SYSTEMS CO., LTD. Director TATUNG SYSTEM TECHNOLOGIES INC. TATUNG FOREVER ENERGY CO., LTD. TATUNG CONSUMER PRODUCTS (TAIWAN) CO., LTD. Independent director LANDMARK OPTOELECTRONICS CORPORATION PCL Technologies, Inc.	-	-	-	

Title	Nationality or Place of Registra-tion	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding in the names of other persons		Selected Education, Past Positions & Current Positions at Non-profit Organizations	Selected Current Positions at Metaage and Other Companies (Note)	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	ROC	Shan-Kuei Lai	Male 61~70 years old	2022. 5.26	3	2019. 9.26	-	-	-	-	-	-	-	-	PHD, Business Administration, NTPU, MBA of Indiana University of Pennsylvania, Chairman of TOPCO SCIENTIFIC CO., LTD., President of ICSB, Chairman of CSBC CORPORATION, TAIWAN, Director of SMEA, MOEA, Deputy of director, Department of Commerce, MOEA	Chairman(Legal representative) Unitech New Energy Engineering Co., Ltd ECO Technical Services Co., Ltd. Yun Yueh Technologies, Co., Ltd. Director(Legal representative) TOPCO SCIENTIFIC CO., LTD. ANYONG FRESHMART, INC. JIA YI ENERGY CO., LTD. TAI YING RESOURCE INDUSTRIAL CORP. Independent director YI JINN INDUSTRIAL CO., LTD. LEATEC FINE CERAMICS CO., LTD. PHYTOHEALTH CORPORATION	-	-	-	

Note：Please refer to the section “Directors, supervisors and presidents of affiliates” in annual report.

Substantial shareholders of the corporate shareholder

Name of corporate shareholders (Note 1)	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage (%)
QISDA CORPORATION (Note 2)	AU Optronics Corp.	17.04%
	Acer Incorporated	4.15%
	Konly Venture Corp.	2.55%
	Taishin International Bank entrusted with the Qisda Corporation Employee Stock Ownership Trust Account	2.08%
	DARFON ELECTRONICS CORP	2.03%
	Polunin Developing Countries Fund, LLC	1.03%
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	1.03%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	0.96%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.93%
	CREO VENTURE CORP	0.87%

Note 1: For directors acting as the representatives of institutional shareholders.
Note 2:The book closure date is 2022/4/1.

Substantial shareholders of corporate shareholders who are the substantial shareholders of the Company's corporate shareholders

Substantial shareholders of the corporate shareholders	Substantial shareholders of the corporate shareholders	
	Name	Shareholding Percentage (%)
AU Optronics Corp (Note 1)	Qisda Corporation	6.90%
	Trust Holding for Employees of AU Optronics Corp.	4.88%
	Quanta Computer Inc	4.61%
	ADR of AU Optronics Corp.	2.63%
	Yuanta Taiwan Dividend Plus ETF	1.40%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.05%
	New Labor Pension Fund	0.91%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.79%
	GOLDMAN SACHS INTERNATIONAL	0.77%
	Fubon Life Insurance Co., Ltd.	0.62%
Acer Incorporated (Note 2)	Hung Rouan Investment Corp.	2.42%
	Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF Fund under the custody of Taishin Bank	1.87%
	Fubon Taiwan high dividend 30 ETF	1.42%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.32%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.23%
	Stan Shih	1.15%
	Yo-Juang Investment Corp.	1.10%
	iShares ESG Aware MSCI EM ETF	0.95%
	Acer GDR	0.94%
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Universities Superannuation Scheme Limited	0.81%
Konly Venture Corp. (Note 3)	AU Optronics Corp	100%
DARFON ELECTRONICS CORP. (Note 3)	Qisda Corporation	20.72%
	BenQ Corporation	5.01%
	Taishin International Bank entrusted with the Darfon Electronocs Corp, Employee Stock Ownership Trust Account	1.79%
	Mega International Commercial Bank Co., Ltd.	1.62%
	Andy Su	1.45%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.12%
	CHANG HWA COMMERCIAL BANK LTD.	1.11%
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Norges Bank	1.02%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	0.95%
	MITSUBISHI UFJ MORGAN STANLEY SECURITIES CO., LTD.	0.93%

Note 1：The book closure date is 2021/7/2.
Note 2：The book closure date is 2022/4/12.
Note 3：Source of information for Department of Commerce, MOEA. The approved date was on September 2, 2022.
Note 4：The book closure date is 2022/4/18.

(A) Directors' Information (2)

1. Professional qualifications of directors, and disclosure of independence analysis of independent directors

Date: December 31, 2022；Units: Shares

Condition / Name (Note 1)	Nation-ality or Place of Registr-ation	Gender Age	Professional qualifications and experience	The situation of taking Diversity of the Board of Directors									Conditions of Independence(Note 2)												Personal Shareholding		Spouse & Minor Shareholding		Number of other public Companies where the Director concurrently serves as an Independent Director
						Industry experience				Professional skills																			
				Manage-ment admini-stration	Lead & Decision	Finance	Internati onal market	IT industry	Account - ing prac-tices	Informa - tion techno-logy	Account-ing	Law	1	2	3	4	5	6	7	8	9	10	11	12	Shares	%	Shares	%	
Representative of Qisda Corp.：Michael Lee	ROC	Male 41~50 years	PHD of Department of Electrical Engineering of NTU, The president of Smart Solution Business Group of Qisda Corporation, Chairman of ACE PILLAR CO., LTD Chairman of AEWIN Technologies Co., Ltd, Deputy Chairman of PARTNER TECH CORP	✓	✓		✓	✓		✓											✓	✓	✓						
Representative of Qisda Corp.：Chiu-Chin Hung	ROC	Female 51~60 years	EMBA of NTU, California State University, Fullerton MBA, CFO of Qisda Group, Vice financial president of Qisda Corporation, CFO of Daxon Technology Inc.	✓	✓	✓	✓		✓		✓										✓	✓	✓						
Representative of Qisda Corp.：Shu-Erh Kuo	ROC	Female 51~60 years	Master of Economics, University of Nottingham, President of business development center of METAAGE CORPORATION, Chairman of GLOBAL INTELLIGENCE NETWORK CO., LTD., Director of EPIC CLOUD CO., LTD.	✓	✓		✓	✓		✓											✓	✓	✓						
Representative of Qisda Corp.：Wen-Hsing Tseng	ROC	Male 51~60 years	Master of Department of Mechanical Engineering of NTU, Senior Director of creative Strategic Planning of Qisda Corporation	✓	✓		✓	✓		✓											✓	✓	✓						
Representative of Qisda Corp.：TK Young	ROC	Male 41~50 years	Juris Doctor, Suffolk University Law School, CLO of Qisda Corporation, COO & CLO of METAAGE CORPORATION(Note 3)	✓	✓		✓	✓		✓		✓									✓	✓	✓						

Condition / Name (Note 1)	Nation-ality or Place of Registr-ation	Gender Age	Professional qualifications and experience	The situation of taking Diversity of the Board of Directors		Industry experience				Professional skills			Conditions of Independence(Note 2)												Personal Shareholding		Spouse & Minor Shareholding		Number of other public Companies where the Director concurrently serves as an Independent Director
				Manage-ment admini-stration	Lead & Decision	Finance	Internati onal market	IT industry	Account-ing prac-tices	Informa-tion techno-logy	Account-ing	Law	1	2	3	4	5	6	7	8	9	10	11	12	Shares	%	Shares	%	
Wen-Tsung Wang	ROC	Male 51~60 years	EMBA of National Tsing Hua University, Bachelor degree of Accounting, Feng Chia University,, CPA of Hui-Min Accounting Firm, CPA of Biing-Cherng CPAs	✓	✓	✓			✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-	11,903	0.01%	2
Chin-Lai Wang	ROC	Male 61~70 years	PHD of Business Administration, NCCU, MD of Ernst & Young Global Limited, Chairman of EY Management Services Inc	✓	✓	✓		✓	✓		✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-	-	-	2
Shan-Kuei Lai	ROC	Male 61~70 years	PHD, Business Administration, NTPU, MBA of Indiana University of Pennsylvania, Chairman of TOPCO SCIENTIFIC CO., LTD., President of ICSB, Chairman of CSBC CORPORATION, TAIWAN, Director of SMEA, MOEA, Deputy of director, Department of Commerce, MOEA	✓	✓	✓	✓	✓		✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-	-	-	3

Note 1 : The directors have more than 5 years of work experience, and not been involved in any of situations defined in Article 30 of the Company Act, through searching on the website of Judicial Yuan and Taiwan Clearing House.

Note 2 : Please add "V"in the field under each criteria number if the director meets the criteria two years prior to being elected and during his/her term of service.

(1)Not an employee of the company or any of its affiliates.

(2)Not a director or supervisor of the company's affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.

(3)Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons under (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.).

(6) Not a director, supervisor, or employee of other company if a majority of the company's director seats or voting shares and those of that other company are controlled by the same person. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.).

(7) Not a director, supervisor, or employee of other company or institution if the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at that other company or institution are the same person or are spouses.

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (Do not apply in cases where the specified company or institution holds more than 20 percent but less than 50 percent of the Company's issued shares and are the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not a spouse or a relative within the second degree of kinship to any director.

(11) Not been involved in any of situations defined in Article 30 of the Company Act.

(12) Not elected on behalf of a government agency or corporate or as a representative of these organizations as defined in Article 27 of the Company Act.

Note 3：TK Young of COO & CLO has been promoted as president on April 1, 2023.

2. The diversified approaches and independence of BOD:

(I) The diversified approaches of BOD:

① The company has formulated a diversification policy for the composition of the Board of Directors of the " Corporate Governance Best Practice Principles ". Based on the professional background and working fields, the company selects the directors with capabilities of business management, leadership decision-making, and industry experience (finance, international markets, IT Industry, accounting practice), professional abilities (information technology, accounting, law), in order to implement the company's policy of diversity for the composition of the Board of Directors.

② The company's BOD has composed of 7 directors(including 3 independent directors and 4 representatives of the legal director). All directors have capabilities for diversification of business development. In addition to the overall competence of the Board of Directors, the company's situation of taking Diversity of the Board of Directors (Please see (B)Directors' Information(2)).

(2) Independence of BOD:

The company has set up three directors to ensure the independence of BOD; the current proportion is 42.9%. The company has obtained a paper statement from all directors and confirmed that directors' spouse or second degree relatives in accordance with independence of BOD.

(B)Documents of president, vice president, associate vice president and managers of each department and division

April 1, 2022；Unit：Shares

Title	Nationality or Place of Registr-ation	Name Age	Gender	Date Appointed	Number of shares held		Shares held by spouse or underage children		Shareholdingby Nominee Arrangement		Primary work or academic experiences	Position concurrently held in other companies (Note)	Managers who are Spouses or Within TwoDegrees of Kinship			Note
					Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)			Title	Name	Relation	
President	ROC	TK Young	Male	2023/04/01	20,000	0.01%	-	-	-	-	Juris Doctor, Suffolk University Law School, CLO of Qisda Corporation, President of METAAGE CORPORATION	Chairman EPIC CLOUD CO., LTD. Metaguru Corporation Director GLOBAL INTELLIGENCE NETWORK CO., LTD. GRANDSYS INC. ADVANCEDTEK INTERNATIONAL CORP. Statinc Co., Ltd. COREX (PTY) LTD.	NA	NA	NA	
President of Business Development Center	ROC	Shu-Erh Kuo	Female	2016/05/01	116,127	0.06%	171,425	0.09%	-	-	Master of Economics, University of Nottingham, President of business development center of METAAGE CORPORATION, Chairman of GLOBAL INTELLIGENCE NETWORK CO., LTD., Director of EPIC CLOUD CO., LTD.	Chairman GLOBAL INTELLIGENCE NETWORK CO., LTD. Director EPIC CLOUD CO., LTD.	EPIC CLOUD Director	Chieh-Cheng Shih	Spouse	
President of Product Development & Support Center	ROC	Chieh-Cheng Shih	Male	2019/10/01	171,425	0.09%	116,127	0.06%	-	-	PHD of Computer Science of University of Nottingham, Engineer of Kinmen Information Co., Ltd.	Director EPIC CLOUD CO., LTD.	GLOBAL INTELLIGENCE Chairman	Shu-Erh Kuo	Spouse	
Vice president of the first channel of Business Development Center	ROC	Hui-Fen Liao	Female	2019/10/01	65,634	0.03%	10,000	0.01%	-	-	Department of Information Management, MCU, Vice president of the first channel of Business Development Center of Mataage Corporation	-	NA	NA	NA	
Vice Product President of Product Development & Support Center	ROC	Li-Tsung Lin	Male	2020/11/05	50,592	0.03%	53,789	0.03%	-	-	Bachelor of Business Administration of NCU, Vice Product President of Product Development & Support Center of Metaage Corporation	Director ADVANCEDTEK INTERNATIONAL CORP.	NA	NA	NA	

Title	Nationality or Place of Registr-ation	Name Age	Gender	Date Appointed	Number of shares held		Shares held by spouse or underage children		Shareholdingby Nominee Arrangement		Primary work or academic experiences	Position concurrently held in other companies (Note)	Managers who are Spouses or Within TwoDegrees of Kinship			Note
					Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)			Title	Name	Relation	
CFO	ROC	Mavis Lin	Female	2021/01/01	-	-	-	-	-	-	Department of Accounting, MCU, Senior Investment Manager of Qisda Corporation	Director COREX (PTY) LTD. Everlasting Digital ESG Co., Ltd. Supervisor GLOBAL INTELLIGENCE NETWORK CO., LTD. EPIC CLOUD CO., LTD. ADVANCEDTEK INTERNATIONAL CORP. Statinc Co., Ltd.	NA	NA	NA	

Note:Please refer to the section “Directors, supervisors and presidents of affiliates” in annual report.

C. Documents of directors, president, vice presidents, associate vice presidents, and managers of each departments and divisions

(A) Director Information

December 31, 2022 ; Unit: NT$ 1,000

Title		Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compen-sation Paid to Directors from an Invested Company Other than the Company's Subsidiary
			Base Compensation (A)		retirement pension (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		retirement pension (F)		Employee Compensation (G)						
			The Company	All companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
																	Cash	Stock	Cash	Stock			
Director	Chairman	Qisda Corporation Corporate Representative: Michael Lee	6,401	6,401	0	0	2,846	2,846	250	250	2.30%	2.30%	15,425	15,425	216	216	2,600	0	2,600	0	6.72%	6.72%	34,492
	Director	Qisda Corporation Corporate Representative: Chiu-Chin Hung																					
	Director	Qisda Corporation Corporate Representative: Shu-Erh Kuo																					
	Director	Qisda Corporation Corporate Representative: Wen-Hsing Tseng																					
	Director	Qisda Corporation Corporate Representative: Tk Young(Note)																					
Independent Director	Independent Director	Wen-Tsung Wang	4,200	4,200	0	0	1,340	1,340	180	180	1.39%	1.39%	0	0	0	0	0	0	0	0	1.39%	1.39%	0
	Independent Director	Chin-Lai Wang																					
	Independent Director	Shan-Kuei Lai																					

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compen-sation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		retirement pension (B)		Directors Compensation (C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		retirement pension (F)		Employee Compensation (G)						
		The Company	All companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidate d financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			

(A) Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration: Directors' remuneration includes monthly fixed remuneration and directors' remuneration in accordance with the company's Articles of Incorporation, based on the company's current operating conditions and scale of operations, and with reference to industry standards. It will be implemented in accordance with the company's directors and functional committee members' remuneration procedures.

(B) In addition to the information disclosed in the table above, has any Director of the Company provided services to any of the companies included in parent company, the Financial Statements and investees, and received compensation for such services(e.g. provided consultation services in a non-employee capacity): None.

Note: The directors has been re-elected on 2022/5/26 shareholders' meeting, and Wen-Hsing Tseng was discharged.

(B) Compensation for President and Vice Presidents

December 31, 2022；Unit: NT$ 1,000

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary(A)</th><th colspan="2">Retirement Pension (B)</th><th colspan="2">Bonuses and Allowances (C)</th><th colspan="4">Employee Compensation (D)</th><th colspan="2">Ratio of total compensation (A+B+C+D) to net income(%)</th><th rowspan="3">Compensation Paid to the President and Vice President from an Invested Company Other than the Company's Subsidiary</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidate dfinancial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies inthe consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">The Company</th><th colspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies inthe consolidated financial statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President(Note)</td><td>Michael Lee</td><td rowspan="6">13,060</td><td rowspan="6">13,060</td><td rowspan="6">524</td><td rowspan="6">524</td><td rowspan="6">19,508</td><td rowspan="6">19,508</td><td rowspan="6">5,000</td><td rowspan="6">0</td><td rowspan="6">5,000</td><td rowspan="6">0</td><td rowspan="6">9.23%</td><td rowspan="6">9.23%</td><td rowspan="6">20,295</td></tr>
<tr><td>President of Business Development Center</td><td>Shu-Erh Kuo</td></tr>
<tr><td>President of Product Development & Support Center</td><td>Chieh-Cheng Shih</td></tr>
<tr><td>COO & CLO(Note)</td><td>TK Young</td></tr>
<tr><td>Vice president of the first channel of Business Development Center</td><td>Hui-Fen Liao</td></tr>
<tr><td>Vice Product President of Product Development & Support Center</td><td>Li-Tsung Lin</td></tr>
</table>

Note: TK Young of COO & CLO has been promoted as president on April 1, 2023.

(B) Compensation for President and Vice Presidents

December 31, 2022；Unit: NT$ 1,000

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary(A)</th><th colspan="2">Retirement Pension (B)</th><th colspan="2">Bonuses and Allowances (C)</th><th colspan="4">Employee Compensation (D)</th><th colspan="2">Ratio of total compensation (A+B+C+D) to net income (%)</th><th rowspan="3">Compensation Paid to the President and Vice President from an Invested Company Other than the Company's Subsidiary</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidate dfinancial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies inthe consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th><th colspan="2">The Company</th><th colspan="2">Companies in the consolidated financial statements</th><th rowspan="2">The Company</th><th rowspan="2">Companies in the consolidated financial statements</th></tr>
<tr><th>Cash</th><th>Stock</th><th>Cash</th><th>Stock</th></tr>
<tr><td>President(Note)</td><td>Michael Lee</td><td rowspan="6">13,060</td><td rowspan="6">13,060</td><td rowspan="6">524</td><td rowspan="6">524</td><td rowspan="6">19,508</td><td rowspan="6">19,508</td><td rowspan="6">5,000</td><td rowspan="6">0</td><td rowspan="6">5,000</td><td rowspan="6">0</td><td rowspan="6">9.23%</td><td rowspan="6">9.23%</td><td rowspan="6">20,295</td></tr>
<tr><td>President of Business Development Center</td><td>Shu-Erh Kuo</td></tr>
<tr><td>President of Product Development & Support Center</td><td>Chieh-Cheng Shih</td></tr>
<tr><td>COO & CLO(Note)</td><td>TK Young</td></tr>
<tr><td>Vice president of the first channel of Business Development Center</td><td>Hui-Fen Liao</td></tr>
<tr><td>Vice Product President of Product Development & Support Center</td><td>Li-Tsung Lin</td></tr>
</table>

Note: TK Young of COO & CLO has been promoted as president on April 1, 2023.

Compensation range for each President and Vice President	Name of President and Vice President	
	The Company	Companies in the consolidated financial statements
Less than NT 1,000,000	Michael Lee	Michael Lee
NT$1,000,000(included)~2,000,000 (excluded)	-	-
NT$2,000,000(included)~3,500,000 (excluded)	-	-
NT$3,500,000(included)~5,000,000 (excluded)	-	-
NT$5,000,000(included)~10,000,000 (excluded)	Shu-Erh Kuo, Chieh-Cheng Shih, TK Young, Hui-Fen Liao, Li-Tsung Lin	Shu-Erh Kuo, Chieh-Cheng Shih, TK Young, Hui-Fen Liao, Li-Tsung Lin
NT$10,000,000(included)~15,000,000 (excluded)	-	-
NT$15,000,000(included)~30,000,000 (excluded)	-	-
NT$30,000,000(included)~50,000,000 (excluded)	-	-
NT$50,000,000(included)~100,000,000 (excluded)	-	-
More than NT$100,000,000	-	-
Total	6 Persons	6 Persons

(C) Names of managers provided with employee's remunerations and state of payments

December 31, 2022；Unit: NT$ 1,000

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Stock</th><th>Cash</th><th>Total</th><th>Ratio of total amount to the net income after taxes (%)</th></tr>
<tr><td rowspan="6">Manager</td><td>President(Note)</td><td>Michael Lee</td><td rowspan="6">0</td><td rowspan="6">5,000</td><td rowspan="6">5,000</td><td rowspan="6">1.21%</td></tr>
<tr><td>President of Business Development Center</td><td>Shu-Erh Kuo</td></tr>
<tr><td>President of Product Development & Support Center</td><td>Chieh-Cheng Shih</td></tr>
<tr><td>COO & CLO(Note)</td><td>TK Young</td></tr>
<tr><td>Vice president of the first channel of Business Development Center</td><td>Hui-Fen Liao</td></tr>
<tr><td>Vice Product President of Product Development & Support Center</td><td>Li-Tsung Lin</td></tr>
</table>

Note: TK Young of COO & CLO has been promoted as president on April 1, 2023.

(D) Compare and analyze the total compensation as a percentage of net income after taxes stated in the parent company only or individual financial statements paid by the Company and by all companies listed in the consolidated financial statement in the most recent two years to the Company's Directors, supervisors, president and vice president. Describe the policies, standards, and packages for payment of compensation, the procedures for determining compensation, and its linkage to business performance and future risk exposure:

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

Unit: NT$ 1,000

Title	Proportion of the total remuneration to net profit after tax %			
	2022		2021	
	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements
Directors	6.72%	6.72%	4.85%	4.85%
Independent Directors	1.39%	1.39%	1.01%	1.01%
the President and Vice President	9.23%	9.23%	6.65%	6.65%

2. The policies and standards for the payment of remuneration

(1) According to Article 22 of the Articles of Incorporation, the company, if profitable in the year, shall set aside no less than 5%-20% of the profit as compensation for the employees and no higher than 1% as remuneration for the directors. However, the company, when accumulated losses remain on the account, shall reserve a portion of its earnings to offset the losses first.

(2) The Remuneration Committee assists the Board in discharging its responsibilities relating to the Company’s compensation and benefits policies, plans and programs, and the evaluation of the directors’ and supervisors’ compensation. Remuneration is appropriated according to the business performance of the Company, operational risks and trends of development of industries, and also the directors’ and supervisors’ compensation is appropriated in accordance with personal achievements, contribution made to the business operation. Relevant performance indicators and reasonability of remuneration shall be approved by the remuneration committee and the board of the directors, and reviewed in relation to business operation and relevant laws and regulations.

(3) Senior managers were determined in accordance with the salary considerations, market averages and individual performances. The procedures for determining remuneration is based on key performance indicators of the Company, including the financial index and non-financial index. Relevant performance indicators and reasonability of remuneration shall be approved by the remuneration committee the and board of the directors, and reviewed in relation to business operation and relevant laws and regulations.

(4) The remuneration of directors and managers of the company follows Articles of Incorporation and relevant regulations of compensation management, reviewed by the compensation committee and approved by the resolution of the Board of Directors. Its relevant evaluation items include overall consideration of operational participation and performance evaluation, such as, operational management capabilities, indicators of financial and business operating performance and management, participation in ESG, and other special contributions or major negative events, which shall be included in the performance evaluation.

IV. Implementation of Corporate Governance

(A) Operations of the Board of Directors

A total of 6 meetings of the Board of Directors were held in 2022. The attendance of director and supervisor were as follows:

Title	Name	Number of actual attendance (B)	Number of proxy attendance	Actual attendance rate (%) (B/A)	Remark
Chairman	Qisda Corporation Corporate Representative：Michael Lee	6	0	100%	
Director	Qisda Corporation Corporate Representative：Chiu-Chin Hung	6	0	100%	
Director	Qisda Corporation Corporate Representative：Shu-Erh Kuo	6	0	100%	
Director	Qisda Corporation Corporate Representative：Wen-Hsing Tseng(Note)	2	0	100%	
Director	Qisda Corporation Corporate Representative：TK Young	6	0	100%	
Independent Director	Wen-Tsung Wang	6	0	100%	
Independent Director	Chin-Lai Wang	6	0	100%	
Independent Director	Shan-Kuei Lai	6	0	100%	

Note: On May 26, 2022, the shareholders' general committee was re-elected. Directors Wen-Hsing Tseng stepped down.

Other items that shall be recorded:

A. When one of the following matters occurs during the operation of the Board of Directors, the dates, terms, contents of proposals of the meetings, the opinions of all Independent Directors and the responses by the Company shall be clearly described:

(A) Items specified in Article 14-3 of Securities and Exchange Act: regulations from Article 14-3 are not applicable since the Company has already established an Audit

Committee. For explanations on matters stipulated in Article 14-5 of the Securities and Exchange Act, please see Operations of the Audit Committee.

(B) In addition to the aforementioned matters, any other resolutions from the Board of Directors where an Independent Director expressed a dissenting or qualified opinion that has been recorded or stated by writing: None.

B. When Directors abstain themselves for being a stakeholder in certain proposals, the name of the Directors, the content of the proposal, reasons for abstentions and the results of voting counts should be stated.

Date	The name of the directors	The content of the proposal	Reasons for abstentions	The results of voting counts
2022/2/24	Michael Lee, Chiu-Chin Hung, Shu-Erh Kuo, TK Young, Wen-Tsung Wang, Chin-Lai Wang, Shan-Kuei Lai	To nominate candidates of directors and independent directors	Relevant to personal interests of directors.	Except for directors abstain themselves for being a stakeholder in certain proposals, All Directors presented agreed without objection.
	Michael Lee, Chiu-Chin Hung, Shu-Erh Kuo, Wen-Hsing Tseng, TK Young, Wen-Tsung Wang, Chin-Lai Wang, Shan-Kuei Lai	To lift non-competition restrictions on new directors and their representatives.	Relevant to personal interests of directors.	
	Michael Lee, Chiu-Chin Hung, Shu-Erh Kuo, Wen-Hsing Tseng, TK Young	Donation to BenQ Foundation	Counterparty to the donation is the related party of Legal director-Qisda.	
2022/5/5	Shu-Erh Kuo, TK Ypung	An acquisition of the operational right-of-use asset from a related party	Due to Shu-Erh Kuo and TK young are Chairman and directors, separately, of GLOBAL INTELLIGENCE NETWORK CO., LTD. (lessor), and relevant to personal interests.	
	Michael Lee, Chiu-Chin Hung, Shu-Erh Kuo, Wen-Hsing Tseng, TK Young	Tender offer for 100% common shares of BenQ Guru Corp.	The counterparty to the donation is the related party of Legal director-Qisda.	
2022/5/26	Wen-Tsung Wang, Chin-Lai Wang, Shan-Kuei Lai	Appointed the members of Remuneration Committee	Relevant to personal interests of directors.	
2022/11/1	TK Young	Approved the proposal for making guarantee for COREX (PTY) LTD, with 100% holding shares.	Due to TK Young is the Director of COREX (PTY) LTD, and relevant to personal interests.	

C. Implementation Status of Board Evaluations:

The Board of Directors of the company approved the "Board Performance Evaluation Measures" on September 18, 2019, and it was edited on November 5, 2020, stipulating that the Board of Directors shall perform at least one performance evaluation for the Board of Directors and its directors each year. The company has completed board evaluations in 2022. In February 23, 2023, the evaluation result was “superior” of BOD and its members, as well as the functional committees, which is sufficient to indicate that the company's Board of Directors is functional and efficient.

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Annually	January, 2022 to December, 2022	Board and Board members	Internal self-assessment made by the Board of Directors	1. Alignment of the goals and missions of the company 2. Participation in the operation of the company 3. Management of internal relationship and communication 4. Improvement of the quality of the board of directors' decision making 5. Composition and structure of the board of directors 6. Awareness of the duties of a director 7. Election, professionalism and continuing education of the directors 8. Internal control
		Audit Committee	Internal Self-Evaluation made by Audit Committee	1. Participation in the operation of the company 2. Awareness of the duties of Audit Committee 3. Improvement of quality of decisions made by Audit Committee 4. Makeup of Audit Committee and election of its members 5. Internal control
		Remuneration Committee	Internal Self-Evaluation made by Remuneration Committee	1. Participation in the operation of the company 2. Awareness of the duties of Remuneration Committee 3. Improvement of quality of decisions made by Remuneration Committee 4. Makeup of Remuneration Committee and election of its members

D. Targets for strengthening the functions of the Board of Directors in the current and the most recent year (e.g., setting up an Audit Committee and enhancing information transparency) and evaluation of target implementation:

(A) The Company had established positions of Independent Directors and the Audit Committees in 2019 to exercise the functions required by the Securities and Exchange Act, the Company Act and other legal regulations. In 2011, the Remuneration Committee was established to enhance corporate governance and improve the remuneration and compensation system for Directors and Managers of the company.

(B) Based on Paragraph 8 of Article 26-3 of the Securities and Exchange Act, Metaage has promulgated the "Rules Governing the Procedures of Meetings of the Board of Directors" which stipulated requirements to contents of meetings of the Board, the operating procedures, the matters to be recorded in the proceedings, the announcements and any other matters. Meetings of Metaage Board shall be convened at least once per quarter. All members of the Board shall exercise the due care of a good administrator and bear fiduciary duty to manage exercise their powers with a high degree of self-discipline and prudence under the guidance of optimization of Shareholders' interest.

(C) The company shall implement the external evaluation of the performance of the Board of Directors in 2023.

(B)Operations of the Audit Committee

1. Operations of the Audit Committee:

The Company had convened 4 Audit Committee meetings in 2022 with the following attendance:

Title	Name	Atten-dance in Person(B)	Number of times attended by proxy	Attendance rate (B/A)	Remark
Independent Director	Wen-Tsung Wang	4	0	100%	
Independent Director	Chin-Lai Wang	4	0	100%	
Independent Director	Shan-Kuei Lai	4	0	100%	

Other items that shall be recorded:

A. If any of the following matters occurs during the operation of the Audit Committee, the dates, terms, contents of the proposal of the Board meetings, the opinions of all Independent Directors and the responses by the Company shall be cleanly described:

(A) Items specified in Article 14-5 of Securities and Exchange Act:

<table>
<tr><th>BOD Date/Terms</th><th>Discussions</th><th>Opinions by Independent Directors and Treatment by the Company</th></tr>
<tr><td>2022-1
2022/02/24</td><td>1. Proposal of 2021 Statement of Internal Control System and Report on the Results of Self-appraisal.
2. The 2021 financial statements and business report, and the 2022 business plan.
3. To amend the "Handling Procedures for the Acquisition or Disposal of Assets".
4. 2022 Professional fee for service of CPAs.</td><td rowspan="4">1. Any other resolutions where an Independent Director expressed a dissenting, qualified opinion or material suggestion matters: None.
2. All Audit Committee Members presented at the meeting agreed without objection.
3. Treatment to opinions by Audit Committee Members: None.</td></tr>
<tr><td>2022-2
2022/05/05</td><td>1. An acquisition of the operational right-of-use asset from a related party.
2. Tender offer for 100% common shares of BenQ Guru Corp.</td></tr>
<tr><td>2022-3
2022/08/02</td><td>It is proposed to recognize the 2022 Q2 consolidated financial report.</td></tr>
<tr><td>2022-3
2022/11/01</td><td>1. To set up the internal audit plan in 2023.
2. Approved the proposal for making guarantee for Corex (PTY) LTD. , with 100% holding shares.
3. Approved the proposal for 2023 appointment of CPAs by the Company.</td></tr>
</table>

(B) Other matters except the preceding ones, which are not approved by the Audit Committee but approved by two-thirds or more of the Directors: None.

B. For the implementation of Directors’ avoidance due to conflicts of interest of Directors, please clearly specify the names of Directors, the content of the proposals, the reasons of avoidance due to conflicts of interest and the participation in the voting and resolution: None.

C. Communication between Independent Directors, the Internal Audit Director and CPAs (the major issues, methods and results of the Company's financial and business conditions shall be descripted in details):

(A) The audit manager shall submit audit report to the independent directors next month from the completion of the audit project, and the independent directors haven’t objected about any matters.

(B) The audit supervisor attends the company's periodic audit committee as non-voting delegates and makes audit business reports(including the audit report at the period and the follow-up audit report after the period, etc.). Independent directors have no objection. The independent directors may contact the accountant when they deem it necessary to understand the findings of the inspection and the improvement of the deficiency.

(C) The accountant reports to the independent directors at least half year on the company's financial status, overall operation status and internal control review. The major contents include the scope and method of financial statement review or review, the results of the second quarter or annual financial report review or review, important accounting procedures, regulatory updates and other relevant issues of communication.

D. Annual key functions and operations:

(A) Annual key functions

1. Communicate results of audit report with the head of internal audit regularly according to the annual audit plan.
2. Communicate with CPA regularly over financial statement review or audit results in each quarter.
3. Review financial reports.
4. Assessment of the effectiveness of internal control system.
5. Review the hiring, dismissal, compensation, and service matters concerning CPAs
6. Review the Company's operational procedures and material transactions of assets, derivatives, capital lending and endorsement/guarantees.
7. Legal compliance.

(B) 2022 operations: Proposals of the Audit Committee meetings have all been reviewed or approved by members of the Audit Committee with no dissent from any of the Independent Directors.

(C) Implementation of Corporate Governance, and Differences with Contents of Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons:

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
A. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies"?	V		With having the prior approval of the board of directors on May 12, 2017, relevant matters were revealed in Metaage 's website. According to edition of regulations by competent authorities, we tend to renew our regulations simultaneously.	No differences
B. Corporate Ownership Structure and shareholders' equity establish.				No differences
(A) Does the Company establish the internal operating procedures to handle the shareholders' proposals, inquiries, disputes and litigations issues as well as carry out through following procedures?	V		The company establishes a stakeholder area on the website and establishes a spokesperson and acting spokesperson policies to handle shareholders' suggestions, doubts, disputes and litigation matters.	
(B) Does the Company retain at all times a register of major shareholders who have controlling power, and of the persons with ultimate control over those major shareholders?	V		The company regularly updates the list of shareholders and major shareholders in accordance with regulations, and acquires the list of major shareholders who actually control the company and the final controllers of major shareholders.	
(C) Does the Company establish and implement the risk management and firewall mechanism between affiliated enterprises?	V		The company handles various financial and business matters amount the related parties, in accordance with the company's internal control system, internal audit system and relevant laws and regulations.	
(D) Does the Company establish the internal guidelines prohibiting company insiders from trading securities using information not disclosed to the market?	V		The company has established the " the Ethical Corporate Management Policies" and " Ethical Corporate Management Best Practice Principles of Employees" and " Procedures for Handling Material Information and Preventing Insider Trading " to regulate the use of undisclosed information on the market by insiders to buy and sell securities.	

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
C. Organization and Responsibilities of the Board of Directors (A) Does the Board of Directors formulate the diversified approaches, specific management objectives, and implement aimed at Board Member organization?	V		The company has formulated a diversification policy for the composition of the Board of Directors in Article 20 of the " Corporate Governance Best Practice Principles ". Based on the professional background and working fields, the company selects the directors with capabilities of business management, leadership decision-making, and industry experience (finance, international markets, IT Industry, accounting practice), professional abilities (information technology, accounting, law), in order to implement the company's policy of diversity for the composition of the Board of Directors. The board of directors of the company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings. All members of the board shall have the knowledge, skills, and experience, decisions of the industry, and management capabilities etc., necessary to perform their duties. The Company continuously arranges a variety of courses for the board members to improve their decision making quality and supervision skills, thus strengthening the functions of the board of directors. The company's BOD has composed of 7 directors(including 3 independent directors and 4 representatives of the legal director). All directors have capabilities for diversification of business development. n addition to the overall competence of the Board of Directors, the company's situation of taking Diversity of the Board of Directors(note 1).	No differences

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
(B) Aside from establishing the Remuneration Committee and Audit Committee, does the Company also voluntarily establish other types of functional committees?	V		The company has established the Risk Management Committee. For more details on the operations, please see the website- ESG regarding risk management of the annual report. On the other hand, although the Company does not establish the Nomination Committee, it adopts the candidate nomination system for the election of the directors (including independent directors) in terms of practical operations. The candidate list of the existing directors (including independent directors) shall be submitted by shareholders who hold over 1% shares of the company, and the Board of Directors. Meanwhile, the Board of Directors shall review and approve in advance the candidate list in accordance with the laws, and shall report to the regular shareholders' meeting for election.	
(C) Does the Company establish the rules for the board performance evaluation and its assessment methods for annual performance evaluation on an annual basis, as well as report its result to the Board of Directors by applying that as a reference to remuneration of individual director and to nomination and continuous employment?	V		On September 18, 2019, the Board of Directors of the Company has passed the "Rules for Board Performance Evaluation", and it was edited on November 5, 2020. The internal board performance evaluation for the current year shall be conducted at least once a year as well as be conducted by external independent institutions or panel of external experts and scholars at least once every three years. Metaage has completed the board evaluation by the end of 2022. And it is expected that the Company will hold a Board meeting to report the evaluation results in February 23, 2023. The Company shall take into consideration its condition and needs when establishing the criteria for evaluating the performance of the board of directors and its members, which should cover, at a minimum, the following eight aspects: (1) Master the company's goals and tasks; (2) Participation in the operation of the company;	

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
			(3) Internal relationship management and communication (4) Improvement of the quality of the board of directors' decision making; (5) Composition and structure of the board of directors; (6) Directors' duties cognitive. (7) Election and continuing education of the directors; and (8) Internal control. This performance evaluation was conducted in the way of internal questionnaire based on operation of the Board and directors' participation that enables directors to evaluate their functions over the operation of the Board. The evaluation results showed that the achievement is excellent. According to results of the Board evaluation in 2022, the overall operation of the Board performed at a consistently high efficiency level. According to the provisions in Article 22 specified in the Articles of Incorporation, the Company's director compensation shall not exceed the 1% of annual profit. The directors' compensation is prescribed based on the Company's operating results and the "Remuneration Guidelines for Directors and Committee Members of Functional Committee" with reference to evaluation results of Board performance by the Remuneration Committee and Board of Directors.	

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
(D) Does the Company regularly evaluate and the independency of an attesting CPA?	V		At least once a year, the Company evaluates the independence and suitability of its CPA, and submits the result for reviewing(see note 2 for assessment sheet).The Company's Hung-Wen Fu and Mei-Ping Wu of CPAs has been verified to be in compliance with requirement for independence as specified in the related independence regulations, and CPAs have issued a statement of independence based on No. 10 report of code of professional ethics of CPAs of ROC, with an approval by the Board of the Directors on November 1, 2022. We will evaluate the independence and competency of CPA in 2023 Q2 BOD, based on five aspects (the profession, quality control, independence, supervision, and innovation ability), according to AQIs.	
D. Does the TWSE/GTSM Listed Companies allocate the adaptation and appropriate number of corporate governance personnel as well as assign the corporate governance supervisors to be responsible for matters related to corporate governance (including but not limited to required information provided to directors and supervisors performing their duties, assistance provided to directors, legal compliance of supervisors, handling matters related to Board of Directors' and shareholders' meeting in accordance with the laws, preparation of the minutes of Board of Directors' and shareholders' meeting, and more.)?	V		On February 25, 2021, Metaage may, after having a resolution adopted by the Board of Directors, hire Mavis Lin to take part as a role of corporate governance officer responsible for supervision and planning of corporate governance. Hung's qualifications for the position meet the provisions regarding Corporate Governance Supervisors set out in Paragraph One of Article 3-1 of Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies. The official powers performed by the corporate governance supervisors include: Providing the information required by the directors and Audit Committee and the latest regulations regarding corporate operation, providing assistance in legal Compliance of the directors and Audit Committee, regularly reporting the operations of corporate governance to Corporate Governance Committee and Board of Directors on an annual basis, handling matters related to Board of Directors' and shareholders' meeting in accordance with the laws, preparation of the minutes of Board of Directors'	No differences

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
			and shareholders' meeting, providing assistance in assuming office to directors and Audit Committee members and continuing education. The operation in 2022 is updated as follows: 1. Assist the independent directors and general directors to perform their duties, provide the required information and arrange the continuing education for directors. 2. Regularly inform the Board members dedicated to the revised regulations regarding corporate operating domain and corporate governance. 3. Inspect the confidential levels of relevant information and provide the corporate information required by the directors to maintain the communication and smooth interaction between directors and supervisors. 4. Review the release of announcement of material news upon the adoption of important resolutions after meetings to ensure the lawfulness and correctness as well as protect the equal information on transactions for investors. 5. The Company has convened 6 times of the Board of Directors and 4 times of Audit Committee in 2022. 6. The Company has convened the regular shareholders' meeting once in 2022. 7. Metaage has helped the directors and important employees apply for liability insurance and has reported to the Board of Directors after renewal of insurance. The Company has engaged a board performance evaluation and the evaluation result showed excellence.	

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
E. Does the Company build the channels of communication with stakeholders (including but not limited to shareholders, employees, customers, suppliers and so on.) as well as designate a stakeholder area on its website in response to important issues on corporate social responsibility concerned by stakeholders in a proper manner and in good faith?	V		Metaage has built the stakeholder mailbox on its website that is used as the channels of communication in response to important issues on corporate social responsibility concerned by stakeholders in a proper manner and in good faith. We also regularly disclose the financial and business information of financial conditions and operations on the Market Observation Post System (MOPS) and on the website established by the Company. Moreover, we will timely release announcement of material news dedicated to events that result in significant impact on stakeholders.	No differences
F. Does the Company engage a professional shareholder services agent to handle shareholders meeting matters?	V		The company has appointed the Stock Transfer Agency Department of Taishin Securities Co., Ltd as our registrar for our stock affairs.	No differences
G. Information Disclosure (A) Does the Company set up a website containing the information regarding financial or business operations as well as corporate governance? (B) Does the Company adopt other methods of information disclosure (such as set up the English website, appoint personnel responsible for gathering and disclosing the information, establish a spokesperson system, display the Company's website during the investor conference briefing, and more.)?	 V V		 Metaage has established the Investor Relations in its website in Chinese and English (http://www.Metaage.com.tw) that discloses the information regarding financial or business operations as well as corporate governance. Metaage has adopted various methods of information disclosure, such as set up the English website, specified personnel responsible for gathering and disclosing the information, establish a spokesperson system, regularly or unregularly hold the operations conference briefing and upload the presentation materials to the Company's website and establish investor mailbox in response to investors' questions.	No differences

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
(C) Does the Company publicly announce the annual financial reports within two months after the close of each fiscal year, as well as the financial reports in Q1, Q2 and Q3, plus the addition of monthly operating status prior to the designated deadlines in advance?	V		On February 23, 2023, Metaage has publicly announced the consolidated and parent financial reports in 2022; the financial reports in 2022 Q1, Q2 and Q3, in addition to the monthly operating status will be publicly announced on the Market Observation Post System (MOPS) prior to the designated deadlines and then upload them to the Company's website.	
H. 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 insurance for directors)?	V		1. Employee rights and care: To Continuously plan various welfare measures for employees, and set up an employee welfare committee to protect employee rights, in order to enhance employee welfare, and give employees a better working environment and development. In addition, to establish good employee relations and benefits, so that employees have job satisfaction and provide equal employment opportunities; To provide employees with a comfortable and safe working environment, etc.; To protect employee basic rights and interests, such as, working rules, pensions, medical care, accident insurance, education and training, etc.(Please see E. Labor-Management Relations:). 2. Investor relations: Metaage's specified personnel shall publicly announce with timely information on company financial conditions. businesses and event of changes regarding insider shareholdings on the Market Observation Post System (MOPS) in accordance with the provisions to achieve the information disclosure and transparency. Moreover, the information regarding investor contact person on the Company's official website. 3. Supplier relationship: As an information service provider, we resell ICT products with being "the best partner of IT intelligence" as the overall operational strategy. We	No differences

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
			resell network and system hardware and software products made by world-leading brands to provide customers in different fields with ICT integration solutions. Most suppliers are world-leading brands and foreign public companies that have signed CSR best practice principles complying with the regulations of their own countries. In addition, we spare no effort in complying with the RBA Code of Conduct and the spirit of social responsibility, hoping to put the emerging trends of "corporate social responsibility" and "sustainable development" into practice together with upstream and downstream partners. In 2014, we established the management approach according to the Code of Conduct (CoC) published by Electronic Industry Citizenship Coalition (EICC) to practice the CSR requirements in the CoC together with original manufacturers and suppliers. Since the EICC reorganized as the Responsible Business Alliance (RBA) in 2017. Since then, we also expanded promotion to suppliers according to five sections (Labor, Health and Safety, Environment, Ethics, and Management Systems) of the new CoC published by the RBA to ensure no obstruction of the freedom of association of workers, no use of child labor or forced labor. Apart from responding to international trends, we also enhanced the CSR, environmental, and OH&S performance of the supply chain. 4. Stakeholders' rights: To set up an area for stakeholders on the company's website and respond to importance important issues of CSR by stakeholders. 5. Directors' training records: The company holds trainings for directors, in accordance with	

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies And Their Reasons
	Yes	No	Summary Description	
			"Directions for the Implementation of Continuing Education for Directors of TWSE Listed and TPEx Listed Companies". The situation of Directors 'training of the company in 2022(see note 3). 6. The implementation of risk management policies and risk evaluation measures: The Company has already instituted internal control systems as required by law and has properly reviewed regulations of internal controls of risk management and assessments at any time. The Company also purchases insurance for directors, in order to reduce management risks. In 2021, we set up the risk management committee and risk management policies for evaluating company risks and reducing corporate risks. Please see the company's website. 7. The implementation of customer relations policies: The Company maintains a good relationship with customers for increasing profits. 8. Purchasing insurance for directors: The Company maintains liability Insurance for its directors, and submits it to the Board of Directors.	

I. Please describe the improvement status according to the evaluation results of Corporate Governance Evaluation publicly announced by Governance Center of Taiwan Stock Exchange Corporate (TWSE) in recent years. In addition, the Company shall propose the matters and measures given priority to strengthen.

(A)The evaluation results of Corporate Governance Evaluation won an honor of "A former 5% of the ranking among all company with small-or-medium market values" for Metaage in 2021.

(B)Metaage has designated a stakeholder area on its website in response to important issues on ESG concerned by stakeholders. We will continue to strengthen the items for improvement relating to the following: Protection of shareholders' rights, equal treatment of shareholders, reinforcement of the Board structure and operations, improvement of information transparency, actual implementation of ESG, and more.

Note 1：

The situation of taking Diversity of the Board of Directors goes as follows:

1. A least electing 1 female director(2 female directors).
2. Directors are in different age levels(41-50 years old-28.6%、51-60 years old-42.8%、61-70 years old-28.6%).
3. Election of directors with different professional knowledge and skills; Please see (B)Directors' Information (2).

Note 2：The assessment standard of independence of CPAs goes as follows:

No.	The assessment items	Evaluation results Y/N	Correspondent to independence Y/N
1	Does CPAs have direct and material financial interests with the Company.	N	Y
2	Does CPAs make endorsements/ guarantees with the Company.	N	Y
3	Does CPAs have a closer relationship regarding the business and employment with the company.	N	Y
4	CPAs and their members of audit team have served as directors, managers of the company or any job positions that have a significant impact on the audit work, during the audit period.	N	Y
5	Does CPAs have any services items of non-audit, which may affect the company's audit work.	N	Y
6	Whether CPAs have brokered stocks or other securities issued by the company.	N	Y
7	Whether CPAs have acted as the defender of the company or coordinated conflicts with other third parties on behalf of the company.	N	Y
8	Whether CPAs are relatives of the company's directors, managers, or persons in a job position that have a significant influence on the audit work.	N	Y
Conclusion: After evaluation by the company, the appointment of CPAs does not have any situations in the above independence assessment items, and it can be confirmed that the appointment of CPAs complies with requirement for independence.			

Note 3: The situation of Directors 'training of the company in 2022 goes as follows:

Title	Name	Training Date	Organizer	Course Name	Length of the curriculum
Corporate Director Representative	Michael Lee	2022/06/30	Taiwan Corporate Governance Association	ESG reporting trend and its information disclosing the meaning of the business	3
		2022/12/06	Taiwan Corporate Governance Association	To upgrade digital resilience and set strategies for improving information security governance of listed companies	3
Corporate Director Representative	Chiu-Chin Hung	2022/06/30	Taiwan Corporate Governance Association	ESG reporting trend and its information disclosing the meaning of the business	3
		2022/12/06	Taiwan Corporate Governance Association	To upgrade digital resilience and set strategies for improving information security governance of listed companies	3
Corporate Director Representative	Shu-Erh Kuo	2022/06/30	Taiwan Corporate Governance Association	ESG reporting trend and its information disclosing the meaning of the business	3
		2022/12/06	Taiwan Corporate Governance Association	To upgrade digital resilience and set strategies for improving information security governance of listed companies	3
Corporate Director Representative	TK Young	2022/06/30	Taiwan Corporate Governance Association	ESG reporting trend and its information disclosing the meaning of the business	3
		2022/12/06	Taiwan Corporate Governance Association	To upgrade digital resilience and set strategies for improving information security governance of listed companies	3

Title	Name	Training Date	Organizer	Course Name	Length of the curriculum
Independent Director	Wen-Tsung Wang	2022/06/30	Taiwan Corporate Governance Association	ESG reporting trend and its information disclosing the meaning of the business	3
		2022/09/07	CPA ASSOCIATIONS R.O.C.(TAIWAN)	The Latest Trend of International Money Laundering Prevention	3
		2022/10/06	CPA ASSOCIATIONS R.O.C.(TAIWAN)	Impact of CFC	3
Independent Director	Chin-Lai Wang	2022/04/22	TAISE	30th Sustainable Net Zero Summit Forum of Taishin– A Serious Achievement of Net Zero in 2030	3
		2022/06/30	Taiwan Corporate Governance Association	ESG reporting trend and its information disclosing the meaning of the business	3
Independent Director	Shan-Kuei Lai	2022/06/30	Taiwan Corporate Governance Association	ESG reporting trend and its information disclosing the meaning of the business	3
		2022/10/19	Securities and Futures Institute	111 Annual Explanation Meeting of Equity Transaction Compliance with Corporate Insiders	3

(D) Composition, duties, and operations of the Company's Remuneration Committee:

1. Information on the members of the Remuneration Committee

Date: December 31, 2022；Units: Shares

Title	Condition / Name	Professional qualifications and experience	Conditions of Independence (Note 2) 1	2	3	4	5	6	7	8	9	10	Personal Shareholding Shares	Personal Shareholding %	Spouse & Minor Shareholding Shares	Spouse & Minor Shareholding %	Number of other public Companies where the Director concurrently serves as an member of the Renumeration Committee
Independent Director	Wen-Tsung Wang	EMBA of National Tsing Hua University, Bachelor degree of Accounting, Feng Chia University,, CPA of Hui-Min Accounting Firm, CPA of Biing-Cherng CPAs	V	V	V	V	V	V	V	V	V	V	-	-	11,903	0.01%	2
Independent Director	Chin-Lai Wang	PHD of Business Administration, NCCU, MD of Ernst & Young Global Limited, Chairman of EY Management Services Inc	V	V	V	V	V	V	V	V	V	V	-	-	-	-	2
Independent Director	Shan-Kuei Lai	PHD, Business Administration, NTPU, MBA of Indiana University of Pennsylvania, Chairman of TOPCO SCIENTIFIC CO., LTD., President of ICSB, Chairman of CSBC CORPORATION, TAIWAN, Director of SMEA, MOEA, Deputy of director, Department of Commerce, MOEA	V	V	V	V	V	V	V	V	V	V	-	-	-	-	3

Note 1：Please reference (A)Directors' Information (2) of the 2022 annual report.

Note 2：Please add "✓" in the field under each criteria number if the member meets the criteria two years prior to being elected and during his/her term of service.

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company or any of its affiliates. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the Company or is ranked in the top 10 in shareholdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under (1) or any of the persons under (2) and (3).

(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)

(6) Not a director, supervisor, or employee of other company if a majority of the company's director seats or voting shares and those of that other company are controlled by the same person. (Do not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)

(7) Not a director, supervisor, or employee of other company or institution if the chairman, general manager, or person holding an equivalent position of the company and a person in any of those positions at that other company or institution are the same person or are spouses.

(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (Do not apply in cases where the specified company or institution holds more than 20 percent but less than 50 percent of the Company's issued shares and are the independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)

(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(10) Not been involved in any of situations defined in Article 30 of the Company Act.

2. Responsibilities of the Remuneration Committee:

(1) There are 3 members in the Remuneration Committee.
A total of 2 Remuneration Committee meetings were held in 2022.
Duties of the Remuneration Committee:

A. To review regulations of the remuneration committee and propose amendment of it at all times.
B. To establish and regularly review the policies, systems, standards and structures for performance assessment and remuneration of directors and managers.
C. To regularly assess renumeration of directors, and managers, and set their renumeration.

(2) The 6th Term: From May 26, 2022 to May 25, 2025; The current term is the same as that of the board of directors. A total of 2 Remuneration Committee meetings were held in 2022. The attendance record of the Remuneration Committee members was as follows:

Position	Name	Attendance in Person (B)	Attended by Proxy	Attendance Rate (%) (B/A)	Remark
Convener	Wen-Tsung Wang	2	0	100%	
Committee Member	Chin-Lai Wang	2	0	100%	
Committee Member	Shan-Kuei Lai	2	0	100%	
Other items that shall be recorded: 1. If the Board of Directors chooses not to adopt or revise recommendations proposed by the Remuneration Committee, the date of the Directors' Meeting, session, contents of proposals, results of meeting resolutions, and the Company's disposition of opinions provided by the Remuneration Committee shall be described in detail (also, where the salary and compensation approved by the Directors' Meeting is better than that recommended by the Remuneration Committee, the differences and the reason for the approval shall be described in detail): None. 2. For the decisions made by the Remuneration Committee, if there are members who hold objection or reservation to a resolution and such objection or reservation is on record or raised through a written statement, the date, session, contents of proposals, all members' opinions, and ways in handling these opinions should be elaborated: None					

(3) The Remuneration Committee meetings' date, period, the content of motions, Resolutions and The Company handled opinions from committee members in 2022.

Remuneration Committee meeting	Item	Resolutions	The Company handled opinions from committee members	Note
2022-1 2022/02/24	I. Approved the 2021 distribution of employees and directors' remuneration. 2. Proposed the 2022 compensation distributions to senior managerial officers.	Convener of the Remuneration Committee consulted the opinion of all attending remuneration committee members.	The proposal was approved without dissent and submitted for resolution at the Board meeting.	
2022-2 2022/05/05	To issue ESOT.			

(E) Status of sustainable development promotion and status and causes of inconsistency with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies (Sustainable Development Best Practice)

Objective	Status of Implementation			Status and causes of inconsistency with *Sustainable Development Best Practice*
	Yes	No	Summary	
A. Did the company implement a governance framework and establish a full- (part-) time unit for sustainable development, with senior management authorized by the Board to handle the related matters, and what is the status of Board supervision?	V		1. Based on the laws and regulations of the competent authorities, international global ESG trends, and the requirements for social and environmental responsibility of customers and suppliers, we have established the *Corporate Social Responsibility Best Practice Principles*. After Board approval for the amendment projected on August 2, 2022, these principles will be renamed *Sustainable Development Best Practice Principles* for the reference of policy promotion and implementation. In addition, to enforce corporate social responsibility and improve the quality of information disclosure to address the expectation of various stakeholder groups, we will manage and disclose sustainable development issues in terms of nine topics, i.e., economic performance, laws and regulations compliance, risk management, customer commitment, information security, a happy workplace, supply chains management, environmental protection, and social contribution. 2. We established the CSR Committee in May 2017, and changed its name as ESG Committee in 2021, to specialize in promoting sustainable development. It is chaired by the chairperson, with president being the executive secretary and a number of working groups to facilitate committee operations in accordance with the Sustainable Development Best Practice Principles approved by the Board. Each working group gathers related issues within its scope of responsibility and includes important issues in the implementation plan and routine operations after assessment and analysis. Then, the Committee will present a report to the Board periodically, and the directors review development of ESG strategies and goals each year, and urge the management team to make adjustments when necessary.	No significant difference.

<table>
<tr><th rowspan="2">Objective</th><th colspan="3">Status of Implementation</th><th rowspan="2">Status and causes of inconsistency with Sustainable Development Best Practice</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>B. Did the company assess by materiality the risks of environmental, social, and governance issues relating to corporate operations and establish related policies or strategies for risk management?</td><td>V</td><td></td><td>1. We established the Risk Management Committee (RMC) in August 2021 as a proactive risk management mechanism to facilitate related units to promptly address risk events through a set of risk management procedures to lower or avoid the impact of risk events and enhance the risk awareness of employees in order to ensure the Company's sustainable operations.
2. We manage risk through the RMC which, after internal meetings, classifies risks into six categories: business risk, product and technical service risk, financial risk, information security risk, legal compliance risk, and human resource risk. These six risk categories cover a total of 21 potential risks, which will serve as the framework for the annual risk assessment and information disclosure in the future. The RMC reported its operations and business contents to the Board periodically each year.
3. We have also established the Sustainable Development Best Practice Principles, Code of Ethics and Conduct for Directors and Officers, Ethical Corporate Management Best Practice Principles, and Employee Code of Ethics and Conduct to promptly capture and respond to the risks of the environment, employees, customers, suppliers, and various stakeholder groups that relate to business operations through various management systems, best-practice principles, and procedures.
4. Based on the material principle, the company conducts risk assessments on important ESG issues, and sets up relevant risk management policies or strategies, based on the assessed risks. Please refer to the company's website - ESG.</td><td>No significant difference.</td></tr>
<tr><td>C. Environmental
(A) Did the company establish environmental management systems appropriate to the characteristics of its industry?</td><td>V</td><td></td><td>1. In response to the green, sustainable development initiative and trend, and in cooperation with the country's overall energy management and greenhouse gases (GHG) reduction policies, we began to inventory internal GHG emissions, water consumption, and the total weight of waste in 2016 to understand the actual condition of energy use and emissions. We have also set reduction targets, comparison base years, and improvement measures to facilitate the long-term management and tracking of corporate environmental issues.
2. We have set the energy conservation target at 1% each year of the per capita electricity consumption. In the future, we will further set the carbon reduction path with reference to the Science Based Targets initiative (SBTi).</td><td>No significant difference.</td></tr>
</table>

Objective	Status of Implementation			Status and causes of inconsistency with *Sustainable Development Best Practice*
	Yes	No	Summary	
(B) Did the company make efforts to enhance energy efficiency and use recycled materials to lower the impact on environmental load?	V		We are an information service provider, offices are the main sources of environmental impact, and electricity and the fuel used by company cars are the major sources of energy consumption of our business activities. However, we constantly implement office environmental protection through the following four carbon reduction measures to achieve the goals of internal energy conservation and carbon reduction: digital solutions, energy conservation measures, management at the source, and awareness education.	
(C) Did the company assess the present and future potential risks and opportunities from climate change and take the relevant countermeasures ?	V		1.We regularly study and gather information related to environmental protection within the Company through the ESG Committee. Besides identifying the risks and opportunities brought by climate change, we also establish corresponding strategies and management measures for possible hazards and development opportunities. 2.The opportunity analysis of risks of climate changes: In order to understand the financial impact of climate changes on the company, We reference the climate-related financial disclosure in TCFD framework and use the procedure of climate risks and opportunities identification to list the risks and opportunities under climate changes and assess the potential financial impact, and develop countermeasures. We have disclosed the details, please refer to "2022 Metaage Climate-related Financial Disclosure Report" on the official website.	
(D) Did the company produce statistics on GHG emissions, water consumption, and the total weight of waste and establish policies to reduce GHG emissions and water consumption or other waste management policies in the last two years?	V		1.In response to the green, sustainable development initiative and trend, and in cooperation with the country's overall environmental protection and greenhouse gases (GHG) reduction policies, we began to inventory internal GHG emissions, water consumption, and the total weight of waste in 2016 to understand the actual condition of energy use and emissions. We have also set reduction targets, the comparison base of previous year, and improvement measures to facilitate the long-term management and tracking of corporate environmental issues. In 2022, electricity consumption per capita decreased by 172.09(kwh), with a decreasing ratio of 3.92%, compared to previous year. In the future, it will further refer to the Science-based targets initiative (SBTi) to set carbon reduction pathways, and the total weight of waste per capita decreased by 0.003(t).	

<table>
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<tr><td></td><td></td><td></td><td>

2.The table below shows the electricity, water consumption, and the total weight of general industrial waste:

Year / Item	2022	2021
Electricity Consumption(kwh)	2,145,917	1,983,439
Tap Water Consumption (m^3)	6,002	4,488
Total Weight of General Industrial Waste (t)	2.410	4.050

3.The table below shows the per capita consumption of electricity, water, and the total weight of waste per capita:

Year / Item	2022	2021
Electricity COmsuption(kwh)	4,216.053	4,388.139
Tap Water Consumption (m^3)	9.573	7.887
Total Weight of General Industrial Waste (t)	0.004	0.007

4.The table below shows the GHG Emissions (expressed in tCO2e)

Category	2022	2021	Remarks
Direct GHG Emissions (Scope 1)	1,188.868	995.686	Electricity

</td><td></td></tr>
</table>

Objective	Status of Implementation			Status and causes of inconsistency with *Sustainable Development Best Practice*
	Yes	No	Summary	
D. Social issues (A) Did the company establish related management policies and procedures in accordance with the related laws and regulations and the *International Bill of Human Rights*?	V		1. Besides recognizing and voluntarily following the internationally recognized human rights principles including the *UN Universal Declaration of Human Rights* (UDHR), UN Global Compact (UNGC), *United Nations Guiding Principles on Business and Human Rights* (UNGPs), and International Labour Organization (ILO), we have also established regulations and procedures for human rights management in accordance with the *Code of Conduct* (CoC) of the Responsible Business Alliance (RBA) to respect the protection established by these conventions on human rights. 2. We have also established the *Employee Recruitment, Selection, and Appointment Regulations*; *Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace*; *Corrective and Preventive Action Management Procedures*; and *Maternity Health Protection Management Procedures* in accordance with the related labor laws and regulations, human rights conventions, and occupational safety and health laws and regulations to maintain the rights and interests of employees and protect their health and safety.	No significant difference.
(B) Did the company establish and implement reasonable employee welfare measures (including remuneration, leave, and other benefits) and appropriately reflect its operational performance or achievements in the employee's remuneration constantly?	V		1. The employee welfare measures and remuneration policy are implemented in accordance with the Company's *Working Rules*. We share our operational performance with our employees by periodically assessment. Additionally, our Articles of Incorporation stipulate that when there is profit in the year, the Company shall appropriate 5%-20% of such profit as the reward for employees. In 2022, we already distributed all the 2021 reward for employees in cash. 2. Employee benefits: We have established the Employee Welfare Committee (EWC) and provided employees with various benefits, such as the employee travel allowance, scholarship, birthday gift voucher, marriage allowance, birth allowance, funeral (death care) allowance, hospitalization consolation money, and festival celebrations. We also offer other benefits including group insurance, free medical checkups, and meal allowances. In the leave system, in additional to the long weekend leave, we also grant special leave according to the *Labor Standards Act* and absence of leave to employees requiring longer leave from work for parenting, catastrophic injuries and illness, and serious incidents for employees to balance work and family care.	

Objective	Status of Implementation			Status and causes of inconsistency with *Sustainable Development Best Practice*
	Yes	No	Summary	
			3.We are committed to realizing gender equality and equal remuneration for the same job for women and men and provide equal requirements for reward and remuneration and equal opportunity in promotion to promote sustainable and inclusive economic growth. In 2022, the women-to-men ratio for non-management jobs was 50%:50%, and the ratio for management jobs was 60%:40%. 4.We value the rights, interests, and benefits of employees. In hardware facilities, we offer free snack supply; stress-relieving video games; books, newspapers, and magazines; breastfeeding (lactation) room; coffee bar; sparkling water fountains, and others to provide employees with a range of daily necessities. In the care for employee mental and physical health, we arrange the in-house massage service, annual health checkups, physician consultation service, and health talks to provide employees with stress relief and healthcare.	
(C) Did the company provide employees with a safe and healthy work environment and arrange regular safety and health education for employees?	V		1.To build a zero-accident workplace environment, we establish, plan, supervise, and promote safety and health management through the occupational safety and health management unit. We have also established the Occupational Safety and Health Committee to make recommendations for and review and coordinate occupational safety and health policies. We also arrange education and training on occupational safety and health for both new and active employees. 2.For employees to understand the potential hazards in the work environment, we arrange the General Safety and Health Education and Training for both new and active employees. To enhance the employee's awareness, prevention, and management of workplace safety and health, we arrange for staff fire training, first aid training, nursing staff education and training, and occupational safety and health management training to maintain the safety of the workplace environment and employees. 3.We hire qualified operational environment monitoring institutions certified by the Ministry of Labor (MOL) to examine the workplace and operational environment every six months. We also maintain the aircon and lighting systems regularly to ensure that the workplace meet the safety, health, and indoor air quality standards. We further plan and establish risk assessment sheets for the work environment, job contents, and the equipment and tools and adopt related control measures to lower risk to reduce the damage and loss caused by occupational hazards.	

<table>
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<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>

(D) Did the company establish effective career development and training programs for employees?</td><td>

V</td><td></td><td>4. We produce statistics on staff with work-related injuries. If an occupational accident occurs, besides conducting investigations and analysis with labor representative and maintaining the related records, we also implement engineering control or administrative improvement. The table below shows the occupational accidents of this Company in 2022:
<table>
<tr><th>Items</th><th>Persons</th><th>Ratio to all employees</th></tr>
<tr><td>1</td><td>1</td><td>0.13%</td></tr>
</table>

1. Besides arranging a complete new employee training system and designing training courses for development of different competencies, we also organize management practice workshops for specific staff and develop training courses for engineers to build work-related skills. Additionally, employees can acquire new knowledge through external sources, including external training for professional licenses/certificates, sharing of industry information with external professionals, and talks on social welfare.
2. In addition, with the smart use of the cloud service of products we distribute, we digitize the employee training course platforms, streamline platform contents, and mobilize learning to significantly enhance the learning and work efficiency of employees through the cloud training portal, AI WordClouds, and collaboration platform to fulfill the employee's demand for multi-competence development and ubiquitous e-learning.</td><td></td></tr>
</table>

Objective	Status of Implementation			Status and causes of inconsistency with *Sustainable Development Best Practice*
	Yes	No	Summary	
(E) Did the company handle customer health and safety, customer privacy, marketing and labeling issues relating to products and services in compliance the related laws and regulations and international standards and establish policies and grievance procedures to protect the rights and interests of consumers or customers?	V		1. We deeply understand the importance of privacy and are thus committed to ensuring, respecting, and protecting customer privacy and trade secrets. Except with definite authorization or at legal requests, we will neither disclose nor use the privacy or trade secrets of customers for any purpose. We have established the *Information and Communication Security Inspection Management Regulations*, built a secure and trusted IT environment, and equipped the IT environment with various information and communication security equipment such as firewalls and antivirus systems to ensure the security of corporate IT data, systems, equipment, and networks and thereby protect customer privacy data. Additionally, we have established the *Employee Code of Ethics and Conduct*, which stipulates that employees shall carefully manage the matters or confidential information acknowledged from their duties and shall not disclose them to others or use them for purposes unrelated to work, except after the disclosure by the Company or for provision required to perform their duties. This obligation shall remain valid after the resignation of employees. To prevent employees from leaking confidential information for personal reasons, we request employees to sign the *Consent for Personal Data Use* to protect the rights and interests of customers and prevent customer data from exploitation by interested parties. 2. We implement strict protection and control over customer data. Internally, we enhance awareness education on the importance of protecting customer data and technical trade secrets and persistently make employees understand the importance of information security through internal email communication and new employee education and training. Additionally, we protect confidential documents by means of privilege control. Except for the related operation staff, employees with lower relevance must acquire the permission of their immediate supervisor before accessing part of such documents. Every year we verify if there is customer complaint about data loss. If there is, we will conduct a full-scale review. 3. We have set up a customer service helpline covering customer complaint and after-sales service mechanisms. Additionally, we conduct the dealer satisfaction survey every year and disclose the results in our sustainability reports.	

Objective	Status of Implementation			Status and causes of inconsistency with *Sustainable Development Best Practice*
	Yes	No	Summary	
(F) Did the company establish a supplier management policy to request suppliers to comply with the relevant standards in environmental protection, occupational safety and health, and labor human rights? And what is the status of policy implementation?	V		1. We are an information service provider. We purchase product based on accountability and maintain proactive communication with suppliers to understand the rights and interests and work environments of their employees in order to demonstrate our positive influence in the supply chain. 2. So far, 70% of our top ten suppliers have become RBA members. Since then, we have also expanded promotion to suppliers according to five sections (Labor, Health and Safety, Environment, Ethics, and Management Systems) of the new CoC published by RBA to ensure no obstruction of the freedom of association of workers, no use of child labor or forced labor. Apart from responding to international trends, we have also enhanced the CSR, environmental, and OH&S performance of the supply chain. 3. For first-time suppliers, the procurement, product, and financial departments will assess their basic qualifications, including company basic data, financial status, product quality, service and supply capacity, procurement-related contracts or other supplier documents. We also request these suppliers to sign the supplier undertaking to comply with the CSR aspect in the RBA CoC. 4. As for becoming a qualified supplier, regular evaluation is necessary. The top ten major suppliers are evaluated, according to each aspect of the standard each year, and the evaluation level of each supplier shall be listed. The results will be an important basis for purchasing strategies. 5. For existing qualified suppliers, we conduct supplier risk assessment. By regularly and irregularly investigating the operation and financial status of suppliers and paying attention to high-risk groups of manufacturers, we can avoid any situations, such as unwarranted closures affecting shipments or disruptions, etc. In addition, we carry out major risk investigations on suppliers. For example, during special periods, such as the peak period of the new influenza, labor shortages, etc., relevant understandings will also be conducted on manufacturers in relevant areas, or appropriate communication with to avoid operational hazards.	

<table>
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<tr><td>E. Did the company prepare and publish such reports as the sustainability report in accordance with the internationally accepted reporting standards or guidelines to disclose the company’s non-financial information? Did the company apply for third-party verification and assurance to a third-party certification body for the above report?</td><td>V</td><td></td><td>1. We published our first corporate social responsibility report in 2016 and prepare the report in accordance with the GRI Core Options in 2020 for the first time, and ESG report will be prepared in accordance with the GRI and SASB standards in 2022. It is expected that TCFD will also be introduced into ESG report in 2023.

2. We have our report contents verified for assurance by Bureau Veritas Certification (BVC), an independent third-party verification body, to ensure compliance with the disclosure requirements of GRI Core Options and AA 1000/Type 1/Moderate. Reports are available for download from the ESG section of our corporate website. The Statement of Assurance is appended to the end of the report.</td><td>No significant difference.</td></tr>
<tr><td colspan="5">F. If the company has established its own Sustainable Development Best Practice Principles with reference to the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please state the differences from the CSR best-practice principles it establishes and operates:
We have established the Corporate Social Responsibility Best Practice Principles upon the principle of ethical corporate management and business integrity. After Board approval for the amendment projected in 2022, these principles will be renamed Sustainable Development Best Practice Principles and included in the Company’s operations and management. We also abide by the law and business ethics and strengthen the trust of various stakeholder groups to archive sustainable operations. We regularly review the status of implementation of and make improvements to these principles. There is no non-compliance between our operations and these principles.</td></tr>
<tr><td colspan="5">G. Other important information that helps understand the promotion of sustainable development:
(A) ESOT: In order to attract and retain outstanding talents and accumulate employee pension wealth, we have launched a plan of ESOT in 2022, with a free participation system, and employees will join in on their wills. Also, we agreed that the employee's deposit will be allocated from the employee's salaries every month, and also provides company incentives better than the industry, equivalent to providing additional salaries, and regularly invests in the open market for long-term investments for stocks of Metaage every month.
(B) Metaage Digital Talent Academy: For the digital transformation of enterprises to cultivate digital talents and help improve Taiwanese enterprises, we established the "Metaage Digital Talent Academy " in August, 2022, with a cooperate relationship with DEI, Cloud Innovation School of Feng Chia University, Taiwan Artificail Intelligent Industry Association and ESTINET TECHNOLOGIES INCORPORATION, cultivating digital talents in three popular areas of AI, RPA and Cloud. Through the industry-university cooperation with well-known universities in the north, central and south, for college and graduate students, and workers, from course planning, training, professional certification to jobs matching, we hope to achieve the combination of "training" and "recruitment". , cultivating outstanding digital talents with theoretical expertise capabilities and practical experience.
(C) To donate NT$ 3 million to support the core values of BenQ Foundation, narrow the digital gap between urban and rural areas, enhance original cultural ideas, and handle affairs such as to be Friendly to the Earth, and promotion of charitable activities and culture education, thereby increasing the company's corporate social responsibility. For the implementation plan, please see the company's website - ESG.</td></tr>
</table>

(F) Implementation of Ethical Management and Implemented Measures:

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies and Their Reasons
	Yes	No	Summary Description	
A. Establish ethical management policies and plans (A) Does the Company establish the ethical management policies passed by the Board of Directors and then publicly specify the policies and methodology of ethical management in regulations and document as well as the commitment in terms of management policies actively fulfilled by the Board of Directors and senior management?	V		The company has formulated the " Ethical Corporate Management Best Practice Principles ", expects and requires the members of the Board of Directors and employees to implement the policy of ethical management.	No differences
(B) Does the Company establish the evaluation mechanism on higher risk of unethical behavior, regularly analyze and evaluate the business activities with higher risk of unethical behavior, as well as adopt the preventative measures at least covering the Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies?	V		The company has set up the" Ethical Corporate Management Best Practice Principles", " Ethical Corporate Management Best Practice Principles of Employees " and the "Management Measures for Reporting and grievance procedure" and announced them on the company's website, for advising the company's employees on the importance of honest behavior at times, based on "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".	
(C) Are the operational procedures, guidelines, disciplinary and appeal system of impairment included in the Company's prevention programs of unethical behavior thorough implementation? And any regular review of the foregoing programs for better implementation?	V		The company has set up and implemented the " Ethical Corporate Management Best Practice Principles of Employees " and the " Management Measures for Reporting and grievance procedure" and announced them on the company's website, set up regulations for unethical behavior and implement them, as well as reviewed and revised the relevant regulations at times, and announced them on the company's website, for advising the company's employees on the importance of honest behavior at times.	
B. Implementation on ethical management (A) Does the Company consider the ethical practices of the transaction partner as well as the clauses regarding ethical conduct contained in the agreement with the other party?	V		Before establishing business relationships with others, the company will first assess its legality and whether it has a record of dishonest behavior.	No differences

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies and Their Reasons
	Yes	No	Summary Description	
(B) Does the Company establish the designated unit set up under the Board of Directors responsible for promoting the corporate ethical management and regularly (at least once a year) reporting its ethical management policies, prevention programs of unethical behavior and implementation to the Board of Directors?	V		The company promotes corporate ethical management by a unit human resource center, and reports implementation to the Board of Directors regularly every year. In order to establish a corporate culture of ethical management and sound development, the "the Ethical Corporate Management Policies" has been established.	
(C) Does the Company establish the policies for preventing conflicts of interest, provide the appropriate presentation channel and implement?	V		The company's " the Ethical Corporate Management Policies " and " Ethical Corporate Management Best Practice Principles of Employees " have set out the policy for conflict of interest avoidance. When the company's employees implement business, which triggers conflicts of interest, they can not only directly report to the officer of the division, but also connect with human resource center.	
(D) Has the Company established the effective accounting system and internal control system for implementing the ethical management, where the relevant audit plans are devised based on evaluation results of the risk of unethical behavior by internal audit unit, or by commissioning the accountant to review the information related to prevention programs of unethical behavior?	V		Metaage complies with legal requirements, continuously revises the internal control system as well as review and evaluate the effectiveness of internal control system implementation. The Auditing Office devises the relevant audit plans according to evaluation results of the risk of unethical behavior as well as regularly reviews the related information. The legal requirements of Auditing Office are covered in annual review items, and the relevant results and improvement status are quarterly reported to the Audit Committee and the Board of Directors. All the corporate accounting system will follow the legal requirements to establish the regulations. The attesting CPA also quarterly reviews or evaluates the Company's financial statements, issues the reports and regularly reports on evaluation results to the Audit Committee members in Audit Committee.	
(E) Does the Company regularly organize the internal and external training sessions on ethical management?	V		In 2022, the company holds education and trainings on issues related to ethical management for all employees (including, compliance with ethical management, advocation of RBA, accounting policies, employees meeting, and advocation of internal control, etc.), totaling 3,079.5 hours.	

Evaluation Item	The Operations			Comparison Against the Corporate Governance Best-Practice Principles for TWSE/GTSM-Listed Companies and Their Reasons
	Yes	No	Summary Description	
C. The operations of corporate whistleblowing system (A) Does the Company establish the concrete whistleblowing and rewards systems, set up the convenient reporting channel as well as assign the appropriate special personnel to process complaints dedicated to the person being accused?	V		The company has established the ” Ethical Corporate Management Best Practice Principles” and "Management Measures for Reporting and grievance procedure" and set multiple communication methods, including internal appeals mailboxes, and a special area for stakeholders on the company website, in order to provide internal and external appeals policies and methods.	No differences
(B) Does the Company establish the standard operating procedures for the investigation, as well as the follow-up measures and relevant confidentiality mechanisms that shall be adopted after investigation?	V		The company has established the ” Ethical Corporate Management Best Practice Principles” and "Management Measures for Reporting and grievance procedure", and it sets the handling procedures and confidential mechanism for reporting cases.	
(C) Does the Company adopt the measures for protecting whistle-blowers from inappropriate disciplinary actions due to their whistleblowing?	V		The company has established the ” Ethical Corporate Management Best Practice Principles” and "Management Measures for Reporting and grievance procedure", and it promises to protect the reporter from being improperly punished due to the report, .	
D. Strengthening the information disclosure. Does the Company disclose their ethical corporate management best practice principles and the effectiveness of the promotion on the websites or on the Market Observation Post System (MOPS)?	V		The company's website has a corporate governance area disclosing information related to ethical management. In addition, the relevant and reliable information on ethical management are also indicated in the annual report and ESG report.	No differences
E. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established the Ethical Corporate Management Policies based on the Ethical Corporate Management Best Practice Principles for TWSE/ TPEx Listed Companies, and also set the relevant regulations called ‘Ethical Corporate Management Best Practice Principles of Employees”.				
F. Other important information that helps to understand the operations of corporate social responsibility: (For example, the Corporate reviews the presented results to facilitate the timely amendment of the ethical corporate management principles, and more. (A) The company regularly advocates and holds education and trainings of the importance of integrity behavior at times, in order to strengthen the implementation of ethical management. (B) The company irregularly reviews and revises its “the Ethical Corporate Management Policies” at times.				

(G) Please disclose the access to Company's "Corporate Governance Best Practice" and relevant regulations:

Please disclose the access to Company's "Corporate Governance Best Practice" and relevant regulations The Company has established the Corporate Governance Best Practice Principles on May 12, 2017. For the Company's corporate governance operations, please refer to the chapter of Implementation of Corporate Governance of this Annual Report and corporate governance report. Regulations such as Regulations for Procedures of Shareholders' Meetings, Organizational Rules for Audit Committees, Organizational Procedures for Remuneration Committee, Corporate Governance Best Practice, Sustainable Development Best Practice Principles, Ethical Corporate Management Best Practice, Directors and Managers Ethical Practice, Regulations for the Election of Directors, Regulations Governing Loaning of Funds, Regulations Governing Making of Endorsements/Guarantees, Regulations Governing the Acquisition and Disposal of Assets, Guidelines for Management of Subsidiaries and Process of Internal Major Information and Insider Trading Prevention Management, etc., have been issued by the Company, please visit contact the website of the company for details of these regulations

(H) Other important information for enhancing understanding of the implementation of corporate governance:

1. On November 10, 2015, the Company reached the resolutions of the Audit Committee and the Board of Directors for approving "Guidelines for Process of Internal Major Information and Insider Trading Prevention Management". On May 5, 2022, the Company approved to amended the Guidelines, and then announce the revised version in the regulation area of the Company's internal public folder so that managers and employee can be generally known.
2. On February 25, 2021, the Board of Directors made the resolution of appointing corporate governance officer to protect shareholders' rights and enhance the functions of the Board of Directors.
3. As one of citizens on the earth, we focus on ESG. The company's main suppliers are also members of RBA (Responsible Business Alliance Code of Conduct, RBA) and require the company's commitment to comply with " Code of Conduct - Responsible Business Alliance", and the company has also been audited by the member of RBA. For relevant information, please refer to http://www.responsiblebusiness.org/.

(I) Status of Implementation of Internal Control System:

1. Statement of internal control system:

Metaage Corporation
Statement of Internal Control System

Date: February 23, 2023

Based on the findings of a self-assessment, Metaage Corporation (Metaage) states the following with regard to its internal control system during the year 2022:

1. Metaage's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and Metaage takes immediate remedial actions in response to any identified deficiencies.
3. Metaage evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities.
4. Metaage has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Base on the findings of such evaluation, Metaage believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
6. This Statement is an integral part of Metaage's annual report for the year 2022 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This statement was passed by the board of directors in their meeting held on February 23, 2023, with eight attending directors all affirming the content of this Statement.

Metaage Corporation

Chairman & President
Michael Lee

2. Companies which CPAs to professionally review the internal control system shall disclose the review report provided by the accountants: NA.

(J) The Company and its personnel have been punished by law, the Company has undertaken disincentive measures for its personnel for breaching the internal control system, and any material deficiencies and revisions in the most recent year up to the publication date of the Annual Report: None.

(K) Material Resolutions Approved by Board Meetings & Shareholders' meeting

Date	Content
2022-1 2022/02/24 BOD	1. The 2021 business report and financial statements, and the 2022 business plan. 2. It is proposed to recognize the 2021 surplus distribution case. 3. It is proposed to recognize the surplus distribution of cash dividends in 2021. 4. To set the date and agenda of 2022 shareholders' meeting. 5. The proposal of donation to the BenQ Foundation.
2022-2 2022/05/05 BOD	1. It is proposed to recognize the 2022 Q1 consolidated financial report. 2. An acquisition of the operational right-of-use asset from a related party 3. Tender offer for 100% common shares of BenQ Guru Corp.
2022-3 2022/05/26 BOD	To elect new Chairman.
2022/05/26 Shareholders' Meeting	1. To recognize the 2021 surplus distribution proposal of the company. Implementation status: Resolution approved. The cash dividend for this surplus distribution case is NT$2.5 per share, and the total cash dividend is NT$470,893,340, setting July 17, 2022 as the ex-dividend date, and issued on August 5, 2022. 2. To amend the company's Articles of Incorporation Implementation status: Resolution approved. It has been approved by the Ministry of Economic Affairs for registration on June 22, 2022 and announced on the company's website. 3. To recognize the company's business report and final statements in 2021. Implementation status: Resolution approved. 4 . Elected directors Status: The new position holder are Michael Lee, Chiu-Chin Hung, Shu-Erh Kuo, TK Young, Wen-Tsung Wang(Independent director), Chin-Lai Wang(Independent director), Shan-Kuei Lai(Independent director). The term is from May 26, 2022 to May 25, 2025 5. To amend the company's "Handling Procedure for Acquiring or Disposal of assets". Implementation status: Resolution approved. It was announced at the Public Information Observatory on May 30, 2022 and handled in accordance with the revised procedures. 6. To lift non-competition restrictions on new directors and their representatives. Implementation status: Resolution approved.
2022-4 2022/07/06 BOD	To set the Record date and the plan of securities exchange.
2022-5 2022/08/02 BOD	It is proposed to recognize the 2022 Q2 consolidated financial report.
2022-1 2022/11/01 BOD	It is proposed to recognize the 2022 Q3 consolidated financial report.

Date	Content
2023-1 2023/02/23 BOD	1. The 2022 business report and financial statements, and the 2023 business plan. 2. It is proposed to recognize the 2022 surplus distribution case. 3. It is proposed to recognize the surplus distribution of cash dividends in 2022. 4. To lift non-competition restrictions on directors. 5. To set the date and agenda of 2023 shareholders' meeting. 6. The proposal of donation to the BenQ Foundation. 7. To change the general manager and COO

(L) Major contents of any dissenting opinions on record or stated in a written statement made by Directors regarding material resolutions passed by the Board of Directors' Meeting in the most recent year up to the publication date of this report: None.

(M) In the most recent year up to the publication date of the Annual Report, a summary of the resignation and dismissal of the Company personnel such as Chairman, President, accounting manager, financial manager, internal audit manager and R&D manager:

2023/04/01

Position	Name	Date of Appointment	Date of Termination	Reasons for Resignation or Termination
President	Michael Lee	2020/11/05	2023/04/01	Relocation due to the requirement of operational development

E. Information on CPA fees

(A) Table of fee range of CPA fees

Amount until: NT$ 1,000

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
KPMG	Hung-Wen Fu	2022/01-2022/12	1,980	1,152	3,132	Non-audit Fee includes translation fee of the financial statements and tax report, etc.
	Mei-Ping Wu					

(B) When the Company changes its accounting firm and the audit fees paid for the fiscal yearin which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

(C) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

F. Information on replacement of CPAs

(A) Regarding former CPA:NA.
(B) Regarding the Succeeding CPA:NA.

(C) The former CPA's response for items specified in Article 10, Subparagraph 6, Item 1 and Item 2-3 of the Accounting Standards: NA.

G. Has any of the Company's Chairman, President, or managers responsible for finance or accounting duties served in the Company's CPA firm or its affiliated Company within the most recent year: None.

H. The Situation of equity transfer or changes to equity pledge of Directors, managers or shareholders holding more than 10% of Company shares in the most recent year (or initial date of a manager's term of service) up to the publication date of this report:

(A) Changes in shares held by Directors, managers, and shareholders holding 10% or more of shares:

Title	Name	2022		As of April 1, 2023	
		Increase (decrease) of shares held	Increase (decrease) of shares pledged	Increase (decrease) of shares held	Increase (decrease) of shares pledged
Chairman	Qisda Corporation	—	—	—	—
	Qisda Corporation Corporate Representative：Michael Lee	—	—	—	—
Director	Qisda Corporation	—	—	—	—
	Qisda Corporation Corporate Representative：Chiu-Chin Hung	—	—	—	—
Director	Qisda Corporation	—	—	—	—
	Qisda Corporation Corporate Representative：Shu-Erh Kuo	—	—	—	—
Director	Qisda Corporation	—	—	—	—
	Qisda Corporation Corporate Representative：Wen-Hsing Tseng (Note)	—	—	Not applicable	Not applicable
Director	Qisda Corporation	—	—	—	—
	Qisda Corporation Corporate Representative: TK Young	—	—	—	—
Independent Director	Wen-Tsung Wang	—	—	—	—
Independent Director	Chin-Lai Wang	—	—	—	—
Independent Director	Shan-Kuei Lai	—	—	—	—
President	TK Young	—	—	—	—
President of Business Development Center	Shu-Erh Kuo	—	—	—	—
President of Product Development & Support Center	Chieh-Cheng Shih	—	—	—	—
Vice president of the first channel of Business Development Center	Hui-Fen Liao	(160,000)	—	—	—
Vice Product President Product Development Support Center	Li-Tsung Lin	—	—	—	—
CFO	Mavis Lin	—	—	—	—
Major shareholder	Qisda Corporation	—	—	—	—

Note: The directors has been re-elected on 2022/5/26 shareholders' meeting, and Wen-Hsing Tseng was discharged.

(B) Counterparty of equity pledge is a related party: None

(C) Counterparty of equity pledge is a related party: None

I. Information of relationships between Top 10 shareholders are related parties, spouses or relatives within the second degree of kinship Relationship

2023/03/26; Unit: Shares

Name	Shares held		Shares held by spouse or underage children		Total shares held in the name of other persons		Familial relationships between top 10 shareholders who are either related parties, spouses, or relatives within the second degree of kinship, his/her/its title (or name) and relationships		Remark
	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Title (or Name)	Relationships	
Qisda Corporation	96,841,239	51.41%	-	-	-	-	NA	NA	
Taishin International Commercial Bank Entrusted with Guo Shu-erh's Trust Property Account	2,000,000	1.06%	-	-	-	-	NA	NA	
Standard Chartered Bank, Department of Business in custody for Fidelity Puritan Trust: Fidelity Low-Priced Stock Fund	1,927,000	1.02%	-	-	-	-	NA	NA	
CHIH-HSUN, LIAO	1,680,172	0.89%	-	-	-	-	CHIUNG-YUEH, CHANG	Spouses	
Taishin International Bank entrusted with the Metaage Corporation Employee Stock Ownership Trust Account	1,158,679	0.62%	-	-	-	-	NA	NA	
Dian-Jiang Investment Co., Ltd.	1,114,660	0.59%	-	-	-	-	NA	NA	
CHIH-HUNG, TAI	953,953	0.51%	-	-	-	-	CHIH-LI, TAI	Sibling	
CHIH-LI, TAI	913,441	0.48%	-	-	-	-	CHIH-HUNG, TAI	Sibling	
CHIUNG-YUEH, CHANG	771,000	0.41%	-	-	-	-	CHIH-HSUN, LIAO	Spouses	
FANG-CHUAN, CHOU	740,000	0.39%	-	-	-	-	NA	NA	

J. Shareholdings and Combined Joint Shareholdings of Businesses Invested in by the Company, Company Directors, Supervisors or Executive Officers or Directly or Indirectly Controlled by the Company

December 31, 2022; Unit：Shares；%

Investment business	Investment by the Company		Investment by Directors, supervisors, managers and directly or indirectly-controlled business		Combined investment	
	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)	Number of shares	Shareholding Percentage (%)
GRANDSYS INC.	5,643,373	20.96%	—	—	5,643,373	20.96%
Everlasting Digital ESG Co., Ltd.	500,000	29.41%	—	—	500,000	29.41%

Note: Invested by the Consolidated Company using the equity method.

IV. Capital and Shares

A. Capital and shares

(A) Source of Share Capital

I. Source of Share Capital

March 26, 2023; Unit: Shares & NT$ Dollar

Year and month	Issued price	Authorized capital		Paid-in capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of capital	Capital increase approval date	Certificate No.
1998/04	10	5,000,000	50,000,000	3,430,000	34,300,000	Establishment	–	–
1998/08	10	5,500,000	55,000,000	5,500,000	55,000,000	Capital Increases in Cash20,700,000	–	–
1999/05	10	19,000,000	190,000,000	12,000,000	120,000,000	Capital Increases in Cash59,005,000 Surplus & Employee Benefits transferred to common stock 5,995,000	–	–
1999/11	16	19,000,000	190,000,000	19,000,000	190,000,000	Capital Increases in Cash70,000,000	–	–
2000/04	25	59,000,000	590,000,000	29,000,000	290,000,000	Capital Increases in Cash35,530,000 Capital surplus, Surplus & Employee Benefits transferred to common stock 64,470,000	–	Approved by Financial Supervisory Commission Certificate No. 32514
2000/10	120	59,000,000	590,000,000	33,000,000	330,000,000	Capital Increases in Cash40,000,000	–	Approved by Financial Supervisory Commission Certificate No. 84607
2001/05	10	80,000,000	800,000,000	47,565,000	475,650,000	Capital surplus, Surplus & Employee Benefits transferred to common stock 145,650,000	–	Approved by Financial Supervisory Commission Certificate No. 123447

Year and month	Issued price	Authorized capital		Paid-in capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of capital	Capital increase approval date	Certificate No.
2002/04	54	80,000,000	800,000,000	54,565,000	545,650,000	Capital Increases in Cash70,000,000	–	Approved by Financial Supervisory Commission Certificate No. 110157 &Approved by Financial Supervisory Commission Certificate No. 114430
2002/07	10	140,000,000	1,400,000,000	64,160,750	641,607,500	Surplus & Employee Benefits transferred to common stock 95,957,500	–	Approved by Financial Supervisory Commission Certificate No. 0910131622
2003/10	10	140,000,000	1,400,000,000	68,000,000	680,000,000	Surplus & Employee Benefits transferred to common stock 38,392,500	–	Approved by Financial Supervisory Commission Certificate No. 0920131234
2006/01	10	140,000,000	1,400,000,000	64,600,000	646,000,000	Decrease in treasury stock34,000,000	–	Approved by Financial Supervisory Commission Certificate No. 0950002178
2006/05	10	140,000,000	1,400,000,000	63,200,000	632,000,000	Decrease in treasury stock 14,000,000	–	Approved by Financial Supervisory Commission Certificate No. 0950010780
2008/07	10	140,000,000	1,400,000,000	69,520,000	695,200,000	Capital surplus & Surplus transferred to common stock 63,200,000	–	Approved by Financial Supervisory Commission Certificate No. 0970033085
2009/07	10	140,000,000	1,400,000,000	62,568,000	625,680,000	Capital Reductions in Cash69,520,000	–	Approved by Financial Supervisory Commission Certificate No. 0980032562
2010/07	10	140,000,000	1,400,000,000	67,429,440	674,294,400	Capital surplus transferred to common stock 48,614,400	–	Approved by Financial Supervisory Commission Certificate No. 0990034735
2011/07	10	140,000,000	1,400,000,000	73,992,384	739,923,840	Capital surplus transferred to common stock 65,629,440	–	Approved by Financial Supervisory Commission Certificate No. 1000031224
2011/11	10	140,000,000	1,400,000,000	72,192,384	721,923,840	Decrease in treasury stock18,000,000	–	Ministry of economic affairs certificate No. 0970062484

Year and month	Issued price	Authorized capital		Paid-in capital		Note		
		Number of Shares	Amount	Number of Shares	Amount	Source of capital	Capital increase approval date	Certificate No.
2012/08	10	140,000,000	1,400,000,000	79,411,622	794,116,220	Capital surplus transferred to common stock 72,192,380	—	Approved by Financial Supervisory Commission Certificate No. 1010028835
2013/07	10	140,000,000	1,400,000,000	83,382,203	833,822,030	Capital surplus transferred to common stock 39,705,810	—	Approved by Financial Supervisory Commission Certificate No. 1020025498
2014/07	10	140,000,000	1,400,000,000	91,720,423	917,204,230	Capital surplus & Surplus transferred to common stock 83,382,200	—	Approved by Financial Supervisory Commission Certificate No. 1030025092
2016/08	10	140,000,000	1,400,000,000	96,306,444	963,064,440	Surplus transferred to common stock 45,860,210	—	Approved by Financial Supervisory Commission In 2016/6/24
2017/08	10	140,000,000	1,400,000,000	101,121,766	1,011,217,660	Surplus transferred to common stock 48,153,220	—	Approved by Financial Supervisory Commission In 2017/7/14
2018/08	10	140,000,000	1,400,000,000	111,233,942	1,112,339,420	Capital surplus & Surplus transferred to common stock 101,121,760	—	Approved by Financial Supervisory Commission In 2018/7/3
2019/07	10	180,000,000	1,800,000,000	122,357,336	1,223,573,360	Capital surplus & Surplus transferred to common stock 111,233,940	—	Approved by Financial Supervisory Commission In 2019/6/10
2019/08	10	250,000,000	2,500,000,000	188,357,336	1,883,573,360	Private stock transferred to common stock 660,000,000	—	Ministry of Economic Affairs Certificate No. 10801118730

2. Shares Type and Shares Outstanding

March 26, 2023; Unit: Shares

Shares Type	Authorized Shares			Notes
	Outstanding shares	Un-issued shares	Total shares	
Common Shares	188,357,336	61,642,664	250,000,000	

3. Related information of the general declaration system：Not applicable.

(B) Shareholder structure

March 26, 2023

Shareholder structure / Quantity	Government institutions	Financial institutions	Other corporations	Individual	Foreign institutions and foreigners	Subtotal
Number of persons	1	10	177	30,186	50	30,424
Number of shares held	55	3,246,787	99,381,376	81,198,074	4,531,044	188,357,336
Shareholding Percentage (%)	0.00%	1.72%	52.76%	43.11%	2.41%	100.00%

(C) Distribution of Equity Ownership

March 26, 2023

Class of Shareholding	Number of shareholders	Number of shares held	Shareholding Percentage (%)
1 ~ 999	18,727	997,626	0.53%
1,000 ~ 5,000	8,698	18,164,379	9.64%
5,001 ~ 10,000	1,529	11,588,666	6.15%
10,001 ~ 15,000	530	6,574,821	3.49%
15,001 ~ 20,000	264	4,740,559	2.52%
20,001 ~ 30,000	249	6,186,577	3.28%
30,001 ~ 40,000	121	4,260,393	2.26%
40,001 ~ 50,000	81	3,620,971	1.92%
50,001 ~ 100,000	136	9,323,984	4.95%
100,001 ~ 200,000	57	7,731,969	4.10%
200,001 ~ 400,000	19	5,529,419	2.94%
400,001 ~ 600,000	2	884,082	0.47%
600,001 ~ 800,000	3	2,164,746	1.15%
800,001 ~ 1,000,000	2	1,867,394	0.99%
1,000,001 or more	6	104,721,750	55.61%
Total	30,424	188,357,336	100.00%

(D)List of Major Shareholders

March 26, 2023

Shares / Major Shareholders' Name	Number of shares held	Shareholding Percentage (%)
Qisda Corporation	96,841,239	51.41%
Taishin International Commercial Bank Entrusted with Guo Shu-erh's Trust Property Account	2,000,000	1.06%
Standard Chartered Bank, Department of Business in custody for Fidelity Puritan Trust: Fidelity Low-Priced Stock Fund	1,927,000	1.02%
CHIH-HSUN, LIAO	1,680,172	0.89%
Taishin International Bank entrusted with the Metaage Corporation Employee Stock Ownership Trust Account	1,158,679	0.62%
Dian-Jiang Investment Co., Ltd.	1,114,660	0.59%
CHIH-HUNG, TAI	953,953	0.51%
CHIH-LI, TAI	913,441	0.48%
CHIUNG-YUEH, CHANG	771,000	0.41%
FANG-CHUAN, CHOU	740,000	0.39%

(E) Information on Market Price, Book Value, Earnings Per Share and Dividend:

<table>
<tr><th colspan="3">Fiscal Year
Item</th><th>2021</th><th>2022</th><th>As of March 31, 2023（Note 5）</th></tr>
<tr><td rowspan="3">Market Price Per Share</td><td colspan="2">Highest</td><td>46.00</td><td>40.00</td><td>42.75</td></tr>
<tr><td colspan="2">Lowest</td><td>37.10</td><td>30.90</td><td>32.75</td></tr>
<tr><td colspan="2">Average</td><td>41.10</td><td>35.35</td><td>37.58</td></tr>
<tr><td rowspan="2">Net Worth Per Share (Note 1)</td><td colspan="2">Before Distribution</td><td>22.78</td><td>22.52</td><td>-</td></tr>
<tr><td colspan="2">After Distribution</td><td>20.28</td><td>(Note 6)</td><td>-</td></tr>
<tr><td rowspan="2">Earnings Per Share (EPS)</td><td colspan="2">Weighted Average Shares Number (thousand Shares)</td><td>188,357,336</td><td>188,357,336</td><td>-</td></tr>
<tr><td colspan="2">Earnings per share</td><td>3.07</td><td>2.19</td><td>-</td></tr>
<tr><td rowspan="4">Dividends Per Share</td><td colspan="2">Cash dividends</td><td>2.50</td><td>2.00</td><td>-</td></tr>
<tr><td rowspan="2">Free share distribution</td><td>Dividend from retained earnings</td><td>-</td><td>(Note 6)</td><td>-</td></tr>
<tr><td>Dividend from capital reserve</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Cumulative unpaid dividend</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Return on Investment</td><td colspan="2">Price/Earnings Ratio (Note 2)</td><td>13.39</td><td>16.14</td><td>-</td></tr>
<tr><td colspan="2">Price/Dividend Ratio (Note 3)</td><td>16.44</td><td>17.68</td><td>-</td></tr>
<tr><td colspan="2">Cash Dividend Yield (Note 4)</td><td>6.08%</td><td>5.66%</td><td>-</td></tr>
</table>

Note 1: Based on the number of issued shares at the end of the year, and the distribution based on the resolution of the shareholders' meeting in the following year.
Note 2: Price/Earnings ratio = Average market price/Earnings per share.
Note 3: Price/Dividend ratio = Average market price/Cash dividends per share.
Note 4: Cash dividend yield = Cash dividends per share/ Average market price.
Note 5: As of the publication date of the annual report, there is no information regarding with earnings per share and net Worth Per Share that have been reviewed by CPAs for the most recent quarter. The Market Price Per Share is the information for the current year as of the publication date of the annual report.

Note 6: Resolution of 2022 earning distribution at the 2023/02/23 BOD Meeting, and then the company will report it for an approval of the shareholders' meeting in 2023.

(F) Dividend Policy and Execution Status:

I. the Articles of Incorporation of the Company regulates the dividend policy as follows:

The company, If there is profit in the year, the Company shall appropriate 5-20% as the reward for employees and no more than 1% as the reward for directors. When there is a deficit, however, the amount for compensation shall first be reserved.

If there is net profit after the account is closed, the Company shall first pay the taxes and compensate the previous deficits before appropriating 10% as the legal reserve (except when the accumulated amount of the legal reserve equals the amount of the paid-in capital). The special reserve may be appropriated or reversed based on the operational needs and by law. The remaining balance, if any, shall be combined with

the accumulated beginning unappropriated earnings for the Board to formulate a proposal for allocation as dividends and submitted to the AGM for resolution. If the retained earnings in the preceding paragraph are distributed in cash dividends, the Board is authorized to make a decision and report it to the meeting of shareholders.

In the startup and growth stages, the Company adopts the residual dividend policy. After the end of the fiscal year, based on the profit in the year and the accumulated profit in the previous years and in consideration of the profit status, capital structure, and future operational needs, if there is profit after the final accounting and the amount of distributable earnings in the year exceeds 2% of the total authorized capital, the dividends shall not be lower than 10% of the distributable earnings of the year. Dividends are distributed either in cash or in stock, and the minimum amount of cash dividends shall be 10% of the total amount of dividends.

2. The dividend distribution proposal by the Shareholders’ Meeting:

On February 23, 2023, the Board of Directors has made resolutions to determine the distributable amount of the cash dividend for the shareholders as NT$376,714,672. After the approval, the announcement will be announced at the Market Observation Post System and will be reported to the 2023 Shareholders' Meeting.

(G) Effects upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting：Not applicable.

(H) Compensation of Employees, Directors

1. Information Relating to Compensation of Employees, Directors in the Articles of Incorporation

Amounts decided: If there is profit in the year, the Company shall appropriate 5-20% as the reward for employees and no more than 1% as the reward for directors. When there is a deficit, however, the amount for compensation shall first be reserved.

Scope: The recipients of the employee reward, either in stock or in cash shall include employees meeting specific requirements of controlled companies or subsidiaries. The Board or a person authorized by the Board shall be authorized to determine these requirements and the methods of distribution.

2. Estimation basis of this annual period for the remuneration and compensation for employees and Directors, and the accounting approach for handling the differences between the calculation basis for the shares of employees' remuneration distributed by stock and the actual distributed amount and the estimated number of shares:

(1) Estimation basis of this annual period for the remuneration and compensation for employees and Directors: The company, If there is profit in the year, the Company shall appropriate 5-20% as the reward for employees and no more than 1% as the reward for directors. When there is a deficit, however, the amount for compensation shall first be reserved.

(2) The calculation basis of the number of shares for employee renumeration distributed by stocks: Calculation is based on the closing price on the day before resolution date of the Board of Directors.

(3) If there is any discrepancy between that amount and the estimated figure for the fiscal year, it shall be recognized as the profit and loss next year.

3. The resolution of remuneration distribution by the Board of Directors:

The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

(1) The distribution amount of employee compensation & Directors’ Renumeration:
A. Employee Cash Bonus: NT$ 44,651,140.
B. Directors’ Renumeration: NT$ 4,186,046.
C. There is no discrepancy between that amount and the estimated figure for the fiscal year

(2) The proportion of employee remuneration paid by stocks to the total amount of the amount of individual profit (after tax) plus the amount of employee remuneration in the current period: Not applicable.

4. Distribution of Remuneration of Employees and Directors of the Previous Annual Period:

(1) The amount distributed to employees’ remuneration in cash was NT$ 59,513,370 and NT$ 5,579,378 for Directors’ one.

(2) The difference between the proposed distribution amount approved by the Board of Directors and the actual amount distributed: the actual distributed amount was the same as the proposed distribution amount approved by the Board of Directors.

(I) Repurchase of the Company’s Shares by the Company: None.

B. Status of Corporate Bonds: None.

C. Status of preferred shares: None.

D. Status of global depository receipt: None.

E. Status of Employee Stock Options: None.

F. Status of Restricted Employee Shares: None.

G. Status of New Shares Issuance in Connection with Mergers and Acquisitions: None.

H. Financing Plans and Implementation: None.

V. Overview of Operations

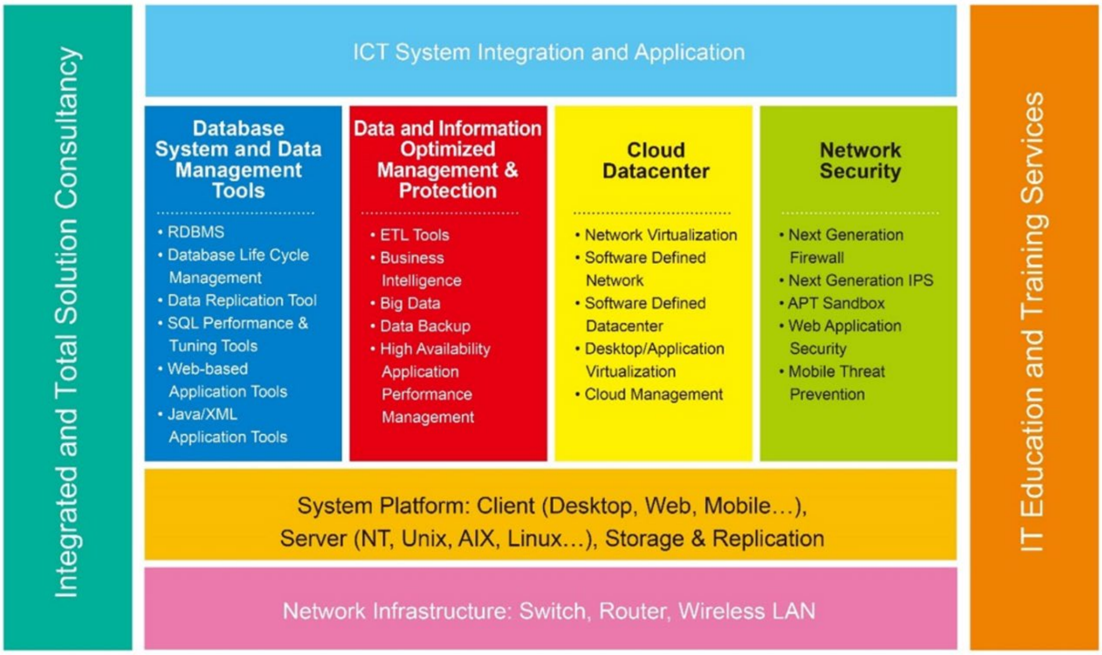
A. Our Businesses

(A) Business Scope:

1. Major contents of business:

The Group mainly focuses on distribution, purchasing and selling of products of ICT, and we aim at brands channel, building value-added services, as a best partner of IT intelligence, and provide the ICT Solution of hardware and software, cloud and AI to customers, for enterprises and users to build a more efficient ICT cloud application environment.

The structure of business operations of the company is as follows:



The company and its subsidiaries distribute more than 40 internationally famous network and system software and hardware IT brands, such as, AWS, Akamai, Cisco, Check Point, Citrix, Dell, Google, IBM, Juniper, Microsoft, Oracle, Pure Storage, Red Hat, VMware, etc. For more than 20 years of experience as a distributor, we are familiar with the ecosystem and business operation of ICT market, and we can provide the most professional consultancy and project collaboration for one-stop services with different IT brands for system Integration partners and enterprise users.

2. Operating ratio of products and services of the company at present.

Unit：%

Product \ Year	2022
Computing & Data Utilization	45.62
ICT Infrastructures	33.73
Digitalization	13.03
Clouds, Software and Services	7.49
Other products	0.13
Total	100.00

3. Products and services of the company at present

The company's overall operating strategy is based on “brands channel; Cloud Connect” as the main operating purposes, and the product line distributed by the company including ICT hardware and software and cloud products of global leading vendors, such as Cisco, Akamai, Citrix, EMC, IBM, Oracle, Red Hat, and VMware, etc. For establishment of hardware required for enterprise network construction of information systems, network and server storage and computing systems, software and hardware of information security, database software, big data analysis systems, AI and backup systems, applications of clod services, etc. , We can customize ICT applications to meet enterprises’ requirement, provide relevant technical consultancy, education and training, and improve added-on values by overall planning and system integration services, so that enterprises and users can build more effective ICT cloud application environment.

4. The development plan of new products and services

In order to meet requirements of enterprises' digital transformation, our plan for future research and development will concentrate on the R&D of cloud application integration and big data analysis, including:

(1) Development and optimization of the Cloud Management Portal for cross-cloud usages and expenses management.
(2) With the external image of MetaMatch cloud market, ISVs will expose and promote ISV's application solutions of SaaS software and acquire business opportunities of ISV cloud application.
(3) The 7x24 cloud service hosting center provides customers with year-round cloud application hosting services.
(4) Big data and RPA of reseaches and developments of applications for enterprises digital transformation.

The total amount of R&D expenses expected to be invested in the new products is approximately NT$20 million in 2023.

(B) Industry Overview

1. Current Status and Development of the Industry

According to IDC's 10 trends of forecast of Taiwan ICT Market in 2023, how to resist the impact of inflation through technological investment will be the focus of observation in the ICT market next year. IDC mentioned that the industry has entered an economic structure of as-a-service (as a service), companies are no longer able to reduce the impact of economic boom through reductions of capital expenditures. Hence, how to achieve operational improvement and increase digital business opportunities will become more and more important.

A list of trends relevant to the company goes as follows:

(1) Promotion of Automatic application, implementation of multi-modal AI application

Under the social trend of declining birth rate, enterprises are facing a serious shortages of the talent and technology, so automation will become an important investment for enterprises to solve pressure. Enterprise automatic applications will move towards multi-modal AI that can simultaneously process text, visual images, audio, etc., and will have the opportunity to help enterprises solve present problems and provide more accurate automation performance to overcome problems of the decision-making flow of different business procedures within the enterprise.

(2) Digital Sovereignty

IDC proposed the concept of data sovereignty in 2021. Under the impact of geopolitical influences, data sovereignty can not fully cover the requirements of enterprises for sovereignty, and digital sovereignty is becoming more and more important. Digital sovereignty includes three cores, such as, data, cloud and guaranteed sovereignty. Based on data, the scope of sovereignty also includes cloud platforms, workloads, data centers and infrastructure, etc. At the same time, confidentiality and security must also be ensured. IDC survey found that nearly 50% of enterprises will assure whether data on cloud will be protected, and will pay attention to the location of the data center. Under geopolitical considerations, digital sovereignty will not only be an important national project in the future, but enterprises and individuals will also concentrate on development of digital self-determination and management capabilities.

(3) The Next Wave of Network Security evolution – Software Traceability

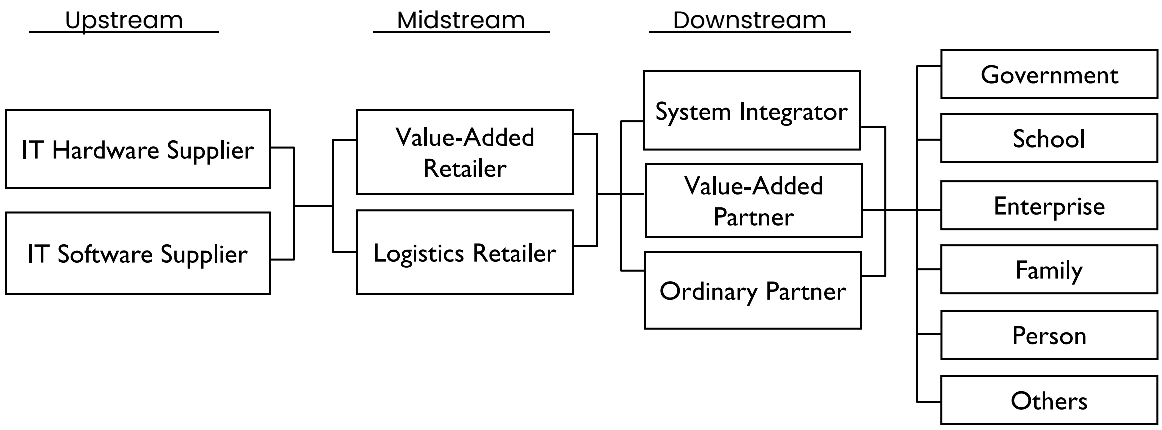
In the digital-proficiency era, the impact of software vulnerabilities on enterprises and governments continues to expand. Especially in the effect of geopolitical changes, enterprises emphasize on speed of application development, although ignoring the network security risks in the development stage, resulting in problems of software loopholes. The trend has induced enterprises to pay attention to network security from maintenance and operation to a sound development environment and establishment of a digital supply chain. IDC predicts that solving potential vulnerability risks, building customer trust, and realizing digital sovereignty, software traceability and establishment of software bill of materials (SBOM) will become the focus of enterprises to enhance transparency of digital supply chains. It is estimated that, 55% of organizations will need to sign SBOM when providing application services to their customers by 2024, to assist customers in establishing software traceability and improving security of digital supply chain, so its development is worthy of attention.

2. Connection of Upstream, Midstream and Downstream Industries

The company and its subsidiaries are midstream value-added distributors in the information service industry, distributing various communication and Internet software and hardware equipment, workstation and servers, tools integration application software and cloud products, etc. Through capabilities of integration by distributing products, we provide professional consultancy, technical services, and other solutions etc., to downstream partners, and then sell to end-users (End User) through those partners. The upstream are mainly suppliers of various network software and hardware, host systems and application software, and the downstream are system integrators, partners and end-users engaged in selling information products.

At present, upstream companies in the information industry focus on R&D and manufacturing of information products. Midstream retailers take market promotion and establish marketing channels as their primary business objective, while downstream industries provide delivery, installation, maintenance, and technical support services to end-users.

Simple connection of upstream, midstream and downstream industries, and end-users is as follows:



3. Trends in development of products

Gartner, an international research and consulting organization, proposed ten technological trends for technical applications in 2023, including sustainability and ESG, Metaverse, Superapps, Adaptive AI, digital immune system, applicable observability, credible/risk and security management, industrial Cloud platform, platform engineering, realization of wireless values.

A list of trends relevant to the company goes as follows:

(1) Superapps

Superapps is apps with application, platforms and ecosystems. Not only does it have its own set of features, but also provides a platform for third parties to develop and publish their own micro-apps. Gartner predicts more than 50% of the world's population will become daily active users of multiple super apps by 2027.

Karamouzis indicated that "while most superapps are mobile applications, the concept can also be applied to client applications at desktop, such as, Microsoft Teams, Slack, etc. The most important is that the superapp must be able to integrate and replace multiple applications used by customers or employees". The integrated applications, such as, Cisco Webex and Microsoft 365 Teams, shall provide customers with complete integration.

(2) Credible/Risk and Security Management

Many enterprises haven't prepared to manage AI risks. According to a survey conducted by Gartner in the US, UK and Germany, 41% of enterprises have experienced AI privacy breaches or security incidents. But the survey also assumes that enterprises that actively manage AI risk, privacy and security shall achieve better outcomes in AI projects. More AI projects in enterprises will move from proof of concept to production in order to achieve greater business value than in those that do not actively manage these capabilities.

(3) Realization of wireless values

Without domination by any technologies, enterprises will use a range of wireless solutions to satisfy requirements of all scenarios, such as, office Wi-Fi, services of mobile devices, low power services and radio connectivity. Gartner predicts that 60% of enterprises will use more than five wireless technologies simultaneously by 2025.

The Network will no longer be limited to simple connection, it will use built-in analysis to provide insights, and its low-power systems will draw energy directly from the network, for generating commercial values.

(4) Sustainability

Sustainability will cross over all trends of strategic technologies in 2023. At a recent survey by Gartner, CEOs indicated environmental and social changes has become one of the top three priorities for investors, next to profits and revenues. Thus, in order to achieve sustainable goals, CEOs must invest more innovative solutions for meeting requirements of ESG. Hence, enterprises need a new framework of sustainable technologies to improve the energy and material efficiency of IT services, to achieve sustainable business development through technologies, such as, traceability, analysis, renewable energy and artificial intelligence (AI), and deploy IT solutions that help customers achieve their sustainable goals.

4. Competition Status of industries

The company acts as a value-added distributor of network system. In addition to distributing global famous brand products, it also provides related technical consultancy, education, and training courses, and uses overall planning and system of integration services to increase its added-value, and acts as a few domestic professional service providers to provide complete solutions of network and system to enterprises.

A distributor of ordinary information products can be divided into value-added retailers and logistics retailers, according to the types of services they provide and their niche of competition. For value-added retailers, they focus on the increase in the added-value of product sales, and establish their niche of competition through value-added services. The company and its subsidiaries are typical value-added retailers; Logistic distributors are proficient in logistics management, and their products are highly standardized, and their sales policies concentrate on the increase in inventory turnover. Synnex Technology International Corporation and Unitech Computer Co., Ltd., belongs to domestic logistic retailers.

(C) Technology and R&D Overview

1. During the recent year and as of the print date of this annual report, investment amount of expenses of research and the development is as follows:

Unit: NT$ 1,000

Item/Year	2022	2023 Q1
R&D expenses	$40,032	(Note)

Note: As of the print date of the annual report, the 2023 Q1 financial statements have not been reviewed by CPAs yet, with no number of the quarterly report for reference.

2. During the recent year and as of the print date of this annual report, technologies and products produced successfully.

The company has completed the management system of the usage and charging, and hosting system of cloud services, which can automatically total the customer's cloud service usage every month and generate corresponding notices to charge the customer. In addition, the charging system can provide usage data for system in some manufacturers, and also activate/deactivate/manage products of cloud services of customers, reducing the workload of human resources and service activation. In addition, the hosting system for cloud services has been completed, which will provide customers with immediate monitoring and setting management for usage performance of cloud.

At present, the integration of Akamai, VMware, Google, AWS, Microsoft, CISCO Webex and other distributing brands of cloud services and subscription products has been completed.

We continue to develop the management platform of cloud services, and MSP center, in 2023 and increase more product lines into platforms, and plan to integrate with subscption products distributed by the company into the platform, so customers can manage the expiration and usage of all subscriptions through a single platform.

(D) Long-Term and Short-Term Business Development Plan

1. Short-term business plans

(1) To continue to introduce new products with value-added synergies, increase the breadth and depth of the distributing product line, improve integration of sales and services across product lines and acquire distributing rights in Taiwan.

(2) To continue to increase the original channels, actively understand market trends of manufacturers, and improve project services and technical guidance, increase capabilities of project integrated sales and advisory sales, and become a platform of connections/projects communication.

(3) In addition to improving internal management and training of employees' professional skills, service capabilities and human resources, we also continue to encourage employees to obtain professional technical certifications and implement target management mechanisms.

(4) To utilize the advantages of existing distributing products to provide enterprise users with digital application solutions and various resources of integration applications to development of ISV software of manufacturers.

(5) To continue to develop the next stage of platform of information software of cloud services: to build the foundation for winning future business opportunities of cloud service, and incorporate more product lines into the platform. It is expected to expand product lines, such as, Microsoft Azure, Citrix, Cisco Webex, etc., in the near future.

2. Long-term business plans

(1) As a role of ICT Solution Provider, we continue to improve the quality of services to customers and increase customer satisfaction, so as to consolidate the cooperative relationship with downstream partners and system integrators and become their irreplaceable high-quality business partners.

(2) Through the connection with existing partners, it shall make a closer integrated distribution community; Through communication regarding with market information, technical knowledge, and trends of enterprise users with one another, it shall establish cooperation model of professional work distribution, group sales, as well as joint operation and sharing of business opportunities in online services.

(3) As for continuous training of personnel for acquiring professional technical certification, such as, Cisco, IBM, Oracle, etc., it shall improve the overall technical capabilities, provide customers with overall technical support, and perfect after-sales services, and maintain competitiveness of the company in the future, due to the irreplaceability of the value-added services.

(4) To Continue to cooperate with ISVs, increase software solutions for various industries, use the cloud market platform to assist in application promotion, integrate and win mutual selling opportunities of distribution products.

B. Markets and Sales Overview

(B) Market analysis

1. Areas of selling or providing products

Unit: NT$ 1,000; %

Selling areas \ Year		2022		2021	
		Amount	%	Amount	%
Domestic sale	North area	9,538,843	78.75	8,895,606	74.12
	Hsinchu area	1,028,744	8.49	1,413,841	11.78
	Central area	265,711	2.19	278,064	2.32
	South area	685,440	5.66	602,350	5.02
Foreign sale		594,287	4.91	810,860	6.76
Total		12,113,025	100.00	12,000,721	100.00

2. Market share

The company and its subsidiaries distribute and sell products, whether it is Cisco, IBM, Oracle, Citrix, DELL, etc., all of which are global famous brands, and their occupation rate in our country's network, computing, and data storage equipment products is higher. The consolidated operating income of NT$ 12,113,025 thousand in 2022, occupies an important position in the field of professional channel management of domestic information products.

3. Situations and growth of the supply and demand of markets in the future

iThome published forecast of the trend in 2023 at the beginning of this year, mentioning that the impact of the COVID-19 pandemic has become the motivation for enterprise transformation and innovation. The following is related to development of the company:

(1) A new cloud wave is coming for healthcare and finance, with local multi-cloud and hybrid cloud becoming the new mainstream.

As for Taiwan, an important year of cloud development is in 2022. Not only does the second industry of multinational public cloud set in Taiwan, it also represents cloud market entering a new stage in Taiwan, from a single-cloud to multi-cloud competition. From an industry perspective, the financial and the medical industries, as for two highly regulated industries, will make significant progress for cloud in 2022, especially the financial industry. According to iThome's CIO survey in 2022, not only the highest amount of cloud investment will exceed 10 million dollars, it also the highest investment amount among all industries, even better than the e-commerce-based service industry.

The financial industry has been open to cloud for more than three years in Taiwan. As for financial companies, they still face many challenges in implementation of cloud. However, in recent years, large financial companies have begun to implement cloud , from the initial trial to the stage of more adoption.

The medical industry, which is slower to implement cloud, will make a major breakthrough in implementation of cloud in 2022. Dissimilar to the government's early regulations for introduction of cloud of the financial industry, The medical industry in Taiwan is unable to implement cloud, due to restrictions by regulations and laws, until the changes happened in 2022.

Although the government allows the financial and medical industries to use cloud services, there are still many requirements for implementation of cloud. In particular, both financial and medical companies currently require that locations of user data and data storage processed by cloud services must be set up in the territory.

However, in the second half of 2022, as AWS launched the first “Local Zone” local cloud in Taiwan, a second multinational large-scale public cloud has set in Taiwan, on trail by the highly regulated industry.

A third international public cloud will be set in Taiwan. Microsoft Azure is planning to build a cloud data center in Taiwan. After it is launched in the future, the two public clouds of GCP and AWS will have the opportunity to improve transformation of implementation of cloud in Taiwan. After all three major public clouds are in place, it means that Taiwan will officially enter the era of multi-cloud and hybrid cloud.

(2) The demand for management of big data of enterprise heterogeneous is increasing, and data governance is becoming popular again.

Many companies have understand power of AI, but also found that the materials on hand are not enough to use. In the past two years, after implementing AI, many large companies have turned to checked and sorted out big data in hands, and even rebuilt mechanism of data collection, integrated more data channels and sources, redesigned the workflow of data, and set a new generation of data lakes or data storage of cloud for storing data in the magazine required by AI weapons.

However, as an enterprise has more extensive and diverse data, it will face the new issue of data governance. Not only the financial industry of naturally highly data-oriented is carrying out data management for AI, but even the manufacturing industry shall implement data management.

The two leading enterprises of cloud have also sensed the wave of the demand for data management. At the annual meetings in 2022, Google and AWS both focused on the area of data storage and big data analysis of cloud, and regarded data management as one of their main characteristic.

From experience of major enterprises, after the high development of AI, the demand for data governance is also more important. Technology manufacturers are also interested in this demand and promote new tools. As more enterprises tend to reuse AI and integrate various types of data, they shall implement practices of data governance.

(3) The government increases its support for FIDO, and services enter the era of password-free mobility.

In the transformation strategy of the digital government, the government promotes the on-line public services, replacing roads with the Internet, sharing data across authorities, and reducing the inconvenience of people who handle services at the counter. Under the influence of the wave of COVID-19 pandemic, in order to reduce the risk of face-to-face and cluster infection, it improves on-line governmental public services. Owing to the popularization of mobile devices, governmental services have entered into mobile development, breaking restrictions on using computers and physical certificates in fixed spots, and people can use cellphones outside to use various governmental services, through multiple authentication methods of identities.

Governments services move toward supporting multiple authentication methods of identities, including the mobile certificate of natural persons launched by the Ministry of the Interior last year, mobilizing the physical certificate of natural person, combining with the smartphone, and utilizing the emerging mobile identity recognition standard of FIDO (Fast Identity Online), so that users do not have to enter a password, they shall use biometric identification, such as, fingerprints and face recognition on the mobile phone, and pass online identity verification.

For private industries, many remain optimistic about free of passwords and adopt the FIDO standard. For example, Line supports the FIDO authentication mechanism of identities to log in. Some domestic banks have also begun to support the FIDO standard in mobile apps. The FSC promotes Fast Identity Online(FIDO), trying to promote FIDO from the industry. Last year, several financial industries demonstrated financial FIDO.

Although the FIDO standard in the domestic financial industry has not yet been popularized, it is expected to adopt FIDO under the leadership of government authorities and trials of more private industries in the future, so that more services no longer need to enter passwords, and users can use hardware security devices, or the recognition function of the biometric feature on the mobile phone to quickly complete the login service of the identity authentication, reducing the risk of forgetting the password or being blocked due to entering the wrong password in the past, completing the identity authentication more faster, providing a better experience of services , and promoting development of network services.

4. Operating purposes & niche of competition

The company and its subsidiaries are striving to become "The ICT Solution Provider", aiming to provide a comprehensive solution for integration and construction of ICT in enterprises, focusing on early system planning, mid-term integration and construction, post-consulting services(three-stage goals) to meet requirements of corporate customers for immediate and convenient one-time purchases, and then assist enterprises to move toward goals of globalization, quality optimization, and service efficiency, for improving industrial competitiveness.

"Success comes from the most powerful combination!" The company and its subsidiaries form four cornerstones of business development with the best combination of "brand, technology, distribution, and service", including software and hardware products of global famous brands, excellent technology passed by the certification of manufacturers, extensive marketing channels, and enthusiastic, sincere attitude for our sales and services with profound experience. We allow enterprise customers to improve the operating efficiency of information equipment with a reasonable budget, and improve IT functions, laying a solid foundation for the future development of the enterprise, and facing more industrial products of aggressive competition.: Software and hardware products distributed by the company and its subsidiaries are all global famous brands. In order to increase depth and breadth of the product line, the company and its subsidiaries, except for continuing to expand the existing brand market, and expand distributing rights of new products, we provide enterprises with a wider and excellent integration construction equipment of network and system, and then increase revenues and growth of profits.

- ➢ Technology: The company and its subsidiaries have an excellent technical support team of network and system, which constantly researches the integration efficiency of various brand products, and adopt the most professional technology to enhance the added-value of products. The support team works closely with technicians of manufacturers, and has a variety of professional certifications of manufacturers, for providing enterprise customers with accurate diagnosis and consultancy of IT problem.
- ➢ Channels: The company and its subsidiaries have been widely recognized by customers, due to a variety of solutions. There are more than 1,000 system integrators and partners around all counties, with extremely high market coverage, a closer and stable relationship with groups of major customers, and an excellent channel expansion and market development capabilities.
- ➢ Service: The company and its subsidiaries have lower employee turnover, high stability, a great enthusiasm and dedication, and many years of professional experience. From pre-sale product consultancy, planning and quotation, to after-sale installation and warranty, we provide customers with the most immediate and secure information and services at times.

5. Factors of advantages and disadvantages, and countermeasures of the development for prospect

(1) Factors of advantages

A. A range of distributing product is complete: The product lines represent global manufacturers including Cisco, Citrix, EMC, IBM, Oracle, Red Hat, and VMware, etc., and providing a complete product line to meet requirements of customers.

B. At present, the type of customers includes educational institutions, government authorities, manufacturing, telecommunications, Internet service, distribution, medical, financial and securities industries, etc. The range of customers is broad, and our business is stable, so it can avoid the risk of excessive concentration on business.

C. The information security-related software market and continuous growth of requirements of big data software and hardware, and cloud products indicates that information security, cloud computing and big data related issues shall be one of the most concerned topics in information environment of enterprises.

D. The three major international manufacturers of public cloud will set up data in Taiwan by the end of this year, and bring business opportunities of hybrid cloud integrated with public clou. The company has assisted enterprise customers in building and selling IT applications at long times, and acquired distribution and technical certification of the three major international manufacturers of public cloud, assisted customers with professional services through product knowledge, such as solving problems, providing services of technical consultant and maintenance, and outsourcing technicians, etc.

(2) Factors of disadvantages

A. An aggressive competition with the same industry, due to the decrease in prices, which triggers the decrease in profits

Countermeasures：

Except for becoming a professional ICT Solution Provider for brand channels and value-added services, the company and its subsidiaries have increased and expanded integrated and comprehensive products on the original basis to maintain a complete product line and provide downstream customers with one-time purchase to fulfill their requirements, and researching the integration efficiency of products among various brands, in order to provide customers with complete solutions and increase the added-value of products. With high added-value and reliable products, advanced network integration technology, and perfect after-sales maintenance services to improve value-added services for avoiding price competition.

B. Being in the Industry of distributor
Countermeasures:

In addition to having many employees with professional and technical certificates, the company and its subsidiaries also hold intensive internal and external education and training to provide customers with overall technical support and after-sales services. With the irreplaceability of value-added services, we can maintain a good relationship with customers, and increase opportunities for extension of distributor agreements. At the same time, we commit to expanding marketing channels and increasing the market share of products for assuring continuation of distributor agreements.

On the other hand, the company and its subsidiaries are also searching for new distributing rights of other brand products. With expansion of product lines, it not only increases a variety type of products for one-time purchase services by customers, but also reduces dependence on single-brand products, in order to reduce operational risks.

C. Information products with short life cycles and high inventory risks
Countermeasures:

Except for strengthening the control of progress of projects, the company and its subsidiaries implement inventory monitoring, review the safe level of inventory at times in response to market demand, and establish a good relationship with manufacturers, receive immediate information of the product, and monitor situations during the change in inventory, for preventing from a huge loss triggered by decline and obsolete and slow-moving inventories.

(B) Important applications and manufacturing processes of main products

I. The important applications of main products

Product line	Major product	Main purpose
IE and software and hardware of communication equipment	Router Remote access device Switch Firewall Safety-control equipment Network security encryption Network management software Internet playing system Network phone system Unified Communication System (UC) Bandwidth acceleration equipment Wired and wireless phones	1. For connection with local area network (Local Area Network; LAN) and wide area network (Wide Area Network; WAN) or hardware configuration accessed by remote workstation and providing hardware equipment to increase network transmission speed and improve network security management. 2. Internet security, encryption, control, and detection of software and hardware, for privacy and security of Internet transmission. 3. To establish a management platform and provide remote network management functions. 4. To provide a network playing system, which can be played on local networks and wide area networks. 5. To replace traditional switches with Internet phone system (IP-PBX) and use network IP technology to achieve integration software with communication functions.
Tools integration application software and services	Database software Database management software Database analysis software Software development environment (tools) Development application software according to requirements of customers and market.	1. To provide management of internal files and huge storage data, and enable information to be conducted systematically through filtering and analysis, etc. 2. We develops packages application software, which provides an operating platform for customers to collect, analyze, and use data, in order to improve the efficiency of information management of users.
Workstation and server hosts	Desktop workstation Server hosts Storage equipment Blade Server	1. To provide equipment for enhancement of computing, files and data storage, server hosts of Internet application and office automation, etc. 2. The blade server of green energy technology is used as the computing platform to save energy and space.

2. Manufacturing processes of main products:

The company and its subsidiaries act as a distributor for network software and hardware products, and provide consulting services for products, with no manufacturing procedures.

(C) Supply status of main materials

The company and its subsidiaries are the information service industry of computer-related products. The main purchase items include software and hardware of Internet and communication equipment, tools integration application software and services, workstation, and server hosts, etc. The main manufacturers are Cisco, Citrix, Dell, IBM, Oracle, Red Hat, and VMware, etc., with a stable cooperative relationship.

(D) Major Suppliers & clients

1. Major Clients in the Last Two Calendar Years:

Units: NT$ 1,000

	2021				2022				2023(As of March 31)(Note)			
Item	Company	Amount	As % of Net Revenue	Relationship with Issuer	Company	Amount	As % of Net Revenue	Relationship with Issuer	Company	Amount	As % of Net Revenue	Relationship with Issuer
1	NA	-	-	-	NA	-	-	-	-	-	-	-
	Other	12,000,721	100.00	-	Other	12,113,025	100.00	-	-	-	-	-
	Net Revenue	12,000,721	100.00	-	Net Revenue	12,113,025	100.00	-	Net Revenue	-	-	-

Note: As of the date of publication of the annual report, the 2023 Q1 financial statements have not been reviewed by CPAs.

2.Major Suppliers in the Last Two Calendar Years:

Units: NT$ 1,000

	2021				2022				2023(As of March 31)(Note 1)			
Item	Company	Amount	As % of Net Procurement	Relationship with Issuer	Company	Amount	As % of Net Procurement	Relationship with Issuer	Company	Amount	As % of Net Procurement	Relationship with Issuer
1	Manufacturer A	2,839,128	28.52	NA	Manufacturer A	3,676,856	34.82	NA	-	-	-	-
2	Manufacturer B	1,491,261	14.98	NA	Manufacturer B	2,215,055	20.97	NA	-	-	-	-
3	Other	5,626,205	56.50	NA	Other	4,668,585	44.21		-	-	-	-
	Net Procurement	9,956,594	100.00		Net Procurement	10,560,496	100.00		Other	-	-	-

Note 1: As of the date of publication of the annual report, the 2023 Q1 financial statements have not been reviewed by CPAs.

Note 2: Reasons for the increase or decrease of procurement: As the company maintains a good and long-term cooperative relationship with major manufacturers. the company's main manufacturers have no major changes, except for the increase or decrease in the purchase amount.

(E) Supply Status of Main Materials

The company acts as the industry of information services, so it doesn't have any production table.

(F)Shipments and Sales in the Last Two Years

The company acts as the industry of information services, and the distributing products are various and the quantity units are different. Therefore, calculation of the sales values is based on the main products, categories are as follows:

Units: NT$ 1,000; Each; Set, etc.

Year / Output / Major products	2022				2021			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Computing & Data Utilization	491,569	5,266,990	259,209	259,313	863,907	5,142,547	82,368	263,345
ICT Infrastructures	497,083	3,791,201	291,413	293,807	583,341	3,437,930	191,374	330,238
Digitalization	28,263	897,306	364	10,499	31,963	1,607,206	2,220	36,018
Clouds, Software and Services	108,674	1,563,241	62,356	14,750	50,920	1,002,165	63	9,454
Other products	-	-	-14,053(Note)	15,918	12	13	511,911	171,805
Total	1,125,589	11,518,738	599,289	594,287	1,530,143	11,189,861	787,936	810,860

Note: The export quantity of other products is negative due to the sales return in 2022.

C. Employee Information:

Year		2021	2022	As of March 31, 2023
Total number of employees	Salesman	227	264	267
	Technical	305	372	398
	Administration	190	110	114
	Research	47	30	33
	Total	769	776	812
Average age		36.48	36.26	36.30
Average duration of service (years)		4.64	5.33	5.43
Educational distribution ratio (%)	Director of Philosophy	0.78	0.73	0.72
	Master's Degree	12.74	16.12	15.56
	Bachelor's Degree	82.58	77.78	77.56
	Senior high school	3.77	4.64	5.07
	Senior high school below	0.13	0.73	1.09

D. Environmental Protection Expenditures:

The company's business focuses on software and hardware equipment of communication and network (distributing Cisco and other products, etc.), workstations and servers (distributing IBM, Dell, EMC and other products, etc.), and tools integration application software (distributing Oracle and other products, etc.) to integrate sales plans and provide relevant consultancy and services of education and trainings, research and development of information application software, services and sales business, will not induce pollution and damage the ecological environment, as the recent year and as of the publication date of the annual report, no loss and disposition incurred by environmental pollution.

E. Labor-Management Relations:

(A) List of employee benefits, in-service training, internal training, retirement system, and implementation status, as well as employer-employee agreements, and protection measures for employee entitlements

1. Employee welfare and implementation

The company cares about the hard work of employees, and provides a number of welfare systems, employee facilities and activities that are superior to laws and regulations, so that employees can relax and relieve stress while hard-working. Also, welfare funds are from operating revenues and employee salaries, and used for employee activities, corporate lectures, birthday gifts, Dragon Boat / Mid-Autumn Festival / Spring Festival gift, club support, travel support, wedding and funeral support, departmental dinners, year-end banquet, etc.

2. Education & Trainings

The company focuses on the training and development of employees, and invests sufficient resources to provide employees with diversified courses and lectures. By providing employees with all-round training resources, we expected to make the learning and development of employees all-round and well.

In addition to providing a complete training system for new employees and designing training courses, according to the development of different job capabilities, we also provide e workshops of management implementation for specific personnel, and skills training for engineers to create job values. Besides, employees can also learn and receive new knowledge through external methods, including the professional certification of the external training, inviting professionals to share industry information, and lectures on new knowledge of life and public welfare, etc.

3. Retirement Policy and execution

In order to take care of retirement life of employees, and promote good labor relations, the company has adopted a definite allocation system in accordance with the Labor Pension Regulations. The monthly retirement funds are allocated to the labor insurance account established by the Labor Insurance Bureau; For voluntary payment for pensioners, the employee monthly salary shall be deducted from the employee monthly salary to the individual pension account of the Labor Insurance Bureau, according to the voluntary withholding rate.

(1) If the company's employees who have one of the following circumstances may request retirement:

A. Employees who have worked for more than 15 years and are at least 55 years old.

B. Employees who have worked for more than 25 years.

C. Employees who have worked for more than ten years and have reached the age of 60.

(2) If the company's employees have one of the following conditions, the company may force them to retire:

A. Employees who are over 65 years old.

B. Loss of mind or physical disability is incapable of being a qualified worker.

For the age specified in the first paragraph of the preceding paragraph, the company may report to the central competent authority for adjustment of workers who engage in dangerous and physical works, but the very employees shall be no less than 55 years old.

(3) Pension standard:

A. For seniority based on the Labor Standards Law, the pension payment standard has been approved by the Ministry of Labor (Approval Letter No. 09935829400) to settle all employees' seniority in May, 2010, so there is no need to calculate the retirement pension.

B. For employees who are subject to the pension requirements of the Labor Pension Regulations, the company shall pay 6% from their wages to the individual retirement account of employees monthly.

4. Employer-employee agreements

The company usually focuses on welfare systems and employee rights, and mutual communication with employees, providing multiple channels for communication and complaints, committed to creating a good working environment and further strengthening the centripetal force of employees.

5. Employee Code of Conduct of Ethics

The company sets up working rules and employee codes of ethics and conduct to standardize employee service codes.

6. Protective measures for the working environment and personal safety of employees
   (1) All entrances and exits are equipped with access control of card swiping devices.
   (2) To sign a contract with the security company to maintain safety of office and warehouse.
   (3) The company participates in 2 fire drills of the building management committee every year.
   (4) In response to changes in laws and regulations, we edit work rules of safety and health at times.
   (5) The business spot shall be completely banned smoking in accordance with regulations, health seminars be held, and the office environment be cleaned and disinfected regularly.
   (6) To hold regular health examination for on-the-job staff every 2 years.
   (7) To insure labor, health and group insurance.
   (8) To hold lectures on stress (emotion) management, communication skills, creative thoughts, etc., for enhancing employee psychological adjustment, knowledge and capabilities.
   (9) To establish a website for employees, with download areas of discussion areas, work forms and various manuals, new Labor Standards Act, who can provide opinions, release emotions, and acquire interactive learning channels.

(B) List of losses due to labor disputes in the most recent year up to the date this report is published, disclosure of the estimated amount, and countermeasures against current and possible future occurrences. If the amount cannot be reasonably estimated, the reason shall be provided: A fine of NT$50,000 was imposed for violating Article 32, Item 2 of the Labor Standards Act, due to extending working hours beyond the statutory regulation, after the inspection on April 1 ,2022(Ref. 1116004300l). The company has arranged lectures for the supervisors and colleagues of each division, who must follow Labor Standards Act, and do working plans and time management.

F. Cyber security management:

(A) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

1. Cyber security risk management framework
   (1) We establish an information security management team, with the Information Division leading and planning information security and all business-related units implementing information security to ensure the effectiveness of information security management.

   (2) The Information Division establishes the information security policy, enhances the awareness of information security of employees, and periodically reviews and revises the policy.

2. Cyber security policies
   (1) Purposes

   To ensure the confidentiality, integrity, availability, and legitimacy of information assets (hardware, software, data, documents, and personnel related to information processing), prevent willful or accidental internal or external threats to protect the privacy and maintain information security among employees, suppliers, and customers during business contacts.

   (2) Objectives
      A. Ensure business continuity and provide reliable IT services.

B. Ensure the confidentiality, integrity, and availability of information assets in our custody and protect the privacy of personnel data.
C. Establish the business continuity plan and implement IT operations in compliance with related laws and regulations.

3. Concrete management programs
(1) All employees, contractors and their suppliers must sign non-disclosure agreements to ensure that personnel using the information system of the Company are responsible and obliged to protect the information assets of the Company to prevent unauthorized access, alteration, damage, or inappropriate disclosure.
(2) Appropriate backup or monitoring mechanisms shall be established for critical information systems or equipment and periodic drills are planned and implemented to ensure availability.
(3) Anti-virus software shall be installed on all personal computers and virus definitions shall be updated periodically, and the use of unauthorized software shall be prohibited.
(4) Employees shall properly keep and use their user IDs, passwords, and privileges and change their passwords regularly.
(5) The internal emergency response SOP shall be emphasized during the establishment of the information security management system. Drills on various security incidents and events shall be arranged for personnel to ensure the effective activation of the emergency response SOP in case of emergency to effectively shorten the incident/event response time and thereby reduce damage to the Company.

4. Investments in resources for cyber security management

In order to implement the company's information security, the Information Management Division has built a firewall to further prevent viruses and hackers from invading the company's internal network and installed anti-virus software to strengthen client protection. And, through the firewall function, reduction attacks to physical, virtual and cloud servers, it provides sophisticated filtering rules and network policies to prevent viruses and hackers from exploiting vulnerabilities triggered by programs, which are not regularly updated.

Based on actual requirements, the Information Management Division also sets related regulations of information standards, regular information security assessment, obtaining international certifications of information security, and continue to strengthen the protection mechanism of information security in the future. Also, to promote important concepts related to information security to employees, through education and training programs.

(B) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

G. Material Contracts:

Contract Type	Party	Contract Term	Content	Restrictions
Distribution	CISCO	2022/03/28-2024/03/27	Distributing commodities	NA
	Oracle	2022/11/08-2023/05/31		
	HDS	2022/04/20-2023/04/19		
	DELL EMC	2022/04/01-2023/03/31		
	Citrix	2022/02/01-2024/01/31		
	IBM-Taiwan branch	2022/08/03-2024/08/02		
	IBM-Singapore	2022/06/08-2024/06/07		
	VMware	2023/01/12-2024/01/11		
	Juniper	2022/10/01-2023/09/30		
	RedHat	2022/03/28-2023/03/28		

VI. Financial Highlights

A. Condensed Balance Sheet and Statement of Comprehensive Income for the most recent five years

(A) International Financial Reporting Standards (IFRS)
Condensed Consolidated Balance Sheet

Unit: NT$ 1,000

Item / Year		Financial data for the most recent five years (Note 1)					As of March 31, 2023 (Note 2)
		2018	2019	2020	2021	2022	
Current Assets		5,482,085	6,436,838	6,804,709	6,485,818	7,002,085	
Property, plant and equipment		865,896	995,883	958,530	943,464	926,433	
Intangible assets		-	-	117,304	192,243	191,898	
Other Assets		214,226	440,558	683,448	905,984	1,010,387	
Total Assets		6,562,207	7,873,279	8,563,991	8,527,509	9,130,803	
Current Liabilities	Before distribution	3,807,330	2,784,583	3,389,630	3,458,949	4,264,270	
	After distribution	3,974,181	3,349,655	3,860,524	3,929,843	(Note 3)	
Non-current liabilities		238,430	481,639	545,646	531,322	461,586	
Total Liabilities	Before distribution	4,045,760	3,266,222	3,935,276	3,990,271	4,725,856	
	After distribution	4,212,611	3,831,294	4,406,170	4,461,165	(Note 3)	
Equity attributable to shareholders of Metaage		2,260,003	4,286,896	4,271,301	4,290,563	4,242,237	
Common Stock		1,112,339	1,883,573	1,883,573	1,883,573	1,883,573	
Capital Surplus		422,237	1,520,908	1,333,011	1,275,919	1,272,747	
Retained Earnings	Before distribution	725,427	882,415	1,054,717	1,161,414	1,103,025	
	After distribution	558,576	317,343	583,823	690,520	(Note 3)	
Other equity		-	-	-	(30,343)	(17,108)	
Treasury stock		-	-	-	-	-	
Equity attributable to former owner of business combination under common control		-	-	82,369	78,580	-	
Non-controlling interests		256,444	320,161	275,045	168,095	162,710	
Total Equity	Before distribution	2,516,447	4,607,057	4,628,715	4,537,238	4,404,947	
	After distribution	2,349,596	4,041,985	4,157,821	4,066,344	(Note 3)	

Note 1: The accompanying financial data from the above years has been audited and attested by CPAs.
Note 2: The 2023 Q1 financial data has not been attested or reviewed by CPAs.
Note 3: Resolution of 2022 earning distribution at the 2023/02/23 BOD Meeting, and then the company will report it for an approval of the shareholders' meeting in 2023.

(B) Condensed Consolidated Statement of Comprehensive Income

Unit: NT$ 1,000

Item \ Year	Financial data for the most recent five years (Note 1)					As of March 31, 2023 (Note 2)
	2018	2019	2020	2021	2022	
Operating Revenue	11,186,815	12,306,999	14,279,184	12,000,721	12,113,025	
Gross profit	1,094,414	1,250,889	1,724,350	1,569,234	1,684,574	
Profit from operations	427,254	467,289	670,925	495,883	431,333	
Non-operating income and expenses	17,838	50,175	46,834	218,041	101,461	
Profit before income tax	445,092	517,464	717,759	713,924	532,794	
Profit from continuing operations for the year	347,113	414,831	564,132	605,124	430,748	
Losses from discontinued operations	-	-	-	-	-	
Profit(loss) for the year	347,113	414,831	564,132	605,124	430,748	
Other comprehensive income (loss), net of taxes	-	-	(21,718)	(31,179)	13,869	
Total comprehensive income (loss) for the year	347,113	414,831	542,414	573,945	444,617	
Profit attributable to shareholders of Metaage	318,055	379,456	549,017	577,591	412,505	
Profit attributable to former owner of business combination under common control	-	-	(11,967)	6,989	5,721	
Profit attributable to non-controlling interests	29,058	35,375	27,082	20,544	12,522	
Total comprehensive income (loss) attributable to shareholders of Metaage	318,055	379,456	549,017	547,248	425,740	
Total comprehensive income (loss) attributable to former owner of business combination under common control	-	-	(33,685)	6,989	5,721	
Total comprehensive income (loss) attributable to non-controlling interests	29,058	35,375	27,082	19,708	13,156	
Earnings Per Share (EPS)	2.60	2.58	2.91	3.07	2.19	

Note 1：The accompanying financial data from the above years has been audited and attested by CPAs.
Note 2：the 2023 Q1 financial data has not been attested or reviewed by CPAs.

(C)Condensed Parent Company Only Balance Sheet

Unit: NT$ 1,000

Item \ Year		Financial data for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Current Assets		4,611,168	5,408,293	5,448,467	5,311,226	5,855,018
Property, plant and equipment		802,726	834,631	815,380	842,046	803,734
Intangible assets		-	-	-	-	-
Other Assets		452,423	772,177	1,068,643	1,541,487	1,586,101
Total Assets		5,866,317	7,015,101	7,332,490	7,694,759	8,244,853
Current Liabilities	Before distribution	3,369,618	2,290,415	2,502,117	2,866,097	3,594,243
	After distribution	3,536,469	2,855,487	2,973,011	3,336,991	(Note 2)
Non-current liabilities		236,696	437,790	476,703	459,519	408,373
Total Liabilities	Before distribution	3,606,314	2,728,205	2,978,820	3,325,616	4,002,616
	After distribution	3,773,165	3,293,277	3,449,714	3,796,510	(Note 2)
Common Stock		1,112,339	1,883,573	1,883,573	1,883,573	1,883,573
Capital Surplus		422,237	1,520,908	1,333,011	1,275,919	1,272,747
Retained Earnings	Before distribution	725,427	882,415	1,054,717	1,161,414	1,103,025
	After distribution	558,576	317,343	583,823	690,520	(Note 2)
Other equity		-	-	-	(30,343)	(17,108)
Treasury stock		-	-	-	-	-
Equity attributable to former owner of business combination under common control		-	-	82,369	78,580	-
Total Equity	Before distribution	2,260,003	4,286,896	4,353,670	4,369,143	4,242,237
	After distribution	2,093,152	3,721,824	3,882,776	3,898,249	(Note 2)

Note 1：The accompanying financial data from the above years has been audited and attested by CPAs.

Note 2：Resolution of 2022 earning distribution at the 2023/02/23 BOD Meeting, and then the company will report it for an approval of the shareholders' meeting in 2023.

(D)Condensed Parent Company Only Comprehensive Income

Unit: NT$ 1,000

Item \ Year	Financial data for the most recent five years (Note)				
	2018	2019	2020	2021	2022
Operating Revenue	9,113,792	10,286,217	11,071,939	9,437,728	9,852,906
Gross profit	887,510	998,461	1,318,446	1,178,691	1,324,068
Profit from operations	341,796	375,560	579,381	414,642	410,699
Non-operating income and expenses	59,718	88,790	94,669	271,172	104,324
Profit before income tax	401,514	464,350	674,050	685,814	515,023
Profit from continuing operations for the year	318,055	379,456	537,050	584,580	418,226
Losses from discontinued operations	-	-	-	-	-
Profit(loss) for the year	318,055	379,456	537,050	584,580	418,226
Other comprehensive income (loss), net of taxes	-	-	(21,718)	(30,343)	13,235
Total comprehensive income (loss) for the year	318,055	379,456	515,332	554,237	431,461
Profit attributable to shareholders of Metaage.	318,055	379,456	549,017	577,591	412,505
Profit attributable to Former owner of business combination under common control	-	-	(11,967)	6,989	5,721
Total comprehensive income (loss) attributable to shareholders of Metaage.	318,055	379,456	549,017	547,248	425,740
Total comprehensive income (loss) attributable to Former owner of business combination under common control	-	-	(33,685)	6,989	5,721
Earnings Per Share (EPS)	2.60	2.58	2.91	3.07	2.19

Note: The accompanying financial data from the above years has been audited and attested by CPAs.

(E) The names of CPA and their opinions for the most recent five years.

Year	The accounting firm	CPA	Opinion and content
2018	KPMG	Mei-Ping Wu/ Wan-Wan Lin	Unqualified opinion
2019	KPMG	Mei-Ping Wu/ Wan-Wan Lin	Unqualified opinion
2020	KPMG	Hung-Wen Fu/Mei-Ping Wu	Unqualified opinion with other matters
2021	KPMG	Hung-Wen Fu/Mei-Ping Wu	Unqualified opinion with emphasis of and other matters
2022	KPMG	Hung-Wen Fu/Mei-Ping Wu	Unqualified opinion with emphasis of and other matters

B. Financial analysis for the most recent five years

(A) International Financial Reporting Standards - Consolidated Financial Analysis

Item analyzed \ Year		Financial analysis for the most recent five years(Note 2)					As of March 31, 2023 (Note 3)
		2018	2019	2020	2021	2022	
Financial structure (%)	Ratio of debts to assets (%)	62	41	46	47	52	
	Ratio of long-term capital to property, plant and equipment (%)	318	511	540	537	525	
Solvency %	Current ratio (%)	144	231	201	188	164	
	Quick ratio (%)	71	123	110	103	83	
	Interest coverage ratio	30	37	33	41	22	
Operating ability	Receivables turnover rate (times)	5.88	5.94	6.85	4.85	4.24	
	Average collection days for receivables	62	61	53	75	86	
	Inventory turnover rate (times)	3.84	3.86	4.18	3.55	3.31	
	Payable turnover rate (times)	7.01	7.34	8.29	6.89	6.15	
	Average days for sales	95	95	87	103	110	
	Property, plant and equipment turnover rate (times)	13.14	13.22	14.61	12.61	12.95	
	Total asset turnover rate (times)	1.80	1.70	1.73	1.40	1.37	
Profitability	Return on assets (%)	6	6	7	7	5	
	Return on equity (%)	15	12	12	13	10	
	Ratio of profit before income tax to paid-in capital (%)	40	27	38	38	28	
	Profit margin (%)	3	3	4	5	4	
	Earnings per share (NT$)	2.60	2.58	2.91	3.07	2.19	
Cash flow	Cash flow ratio (%)	1	(Note 1)	20	(Note 1)	12	
	Cash flow adequacy ratio (%)	61	47	52	56	38	
	Cash flow reinvestment ratio (%)	(Note 1)	(Note 1)	2	(Note 1)	1	
Leveraging	Operating leverage	2.22	2.33	2.13	2.76	3.27	
	Financial leverage	1.03	1.03	1.03	1.03	1.06	

Reasons for changes in financial ratios in the most recent two annual periods (if the difference exceeds 20%):

(1) Decrease in interest coverage ratio and ratio of profit before income tax to paid-in capital: Due to the increase in selling expenses and the decrease in non-operating income, profits before income tax decreased.

(2) Decrease in return on assets, return on equity, profit margin, earnings per share: Due to the increase in selling expenses and the decrease in non-operating income, profits decreased.

(3) Increase in cash flow ratio and cash reinvestment ratio: While the epidemic situation is subsiding, the revenue increased, resulting in a increase in net cash inflow from operating activities.

(4) Decrease in operating leverage: While the epidemic situation is subsiding, the requirements of inventories increased.

Note 1：As a negative amount or zero.

Note 2：The accompanying financial data from the above years has been audited and attested by CPAs.

Note 3：the 2023 Q1 financial data has not been attested or reviewed by CPAs.

(B) International Financial Reporting Standards– Parent Company Only Financial Analysis

Item analyzed	Year	2018	2019	2020	2021	2022
		Financial analysis for the most recent five years(Note 2)				
Financial structure (%)	Ratio of debts to assets (%)	61	39	41	43	49
	Ratio of long-term capital to property, plant and equipment (%)	311	566	592	564	579
Solvency %	Current ratio (%)	137	236	218	185	163
	Quick ratio (%)	63	117	108	99	82
	Interest coverage ratio	29	36	86	67	34
Operating ability	Receivables turnover rate (times)	5.75	5.87	6.04	4.32	3.89
	Average collection days for receivables	63	62	60	84	94
	Inventory turnover rate (times)	3.42	3.60	3.59	3.17	3.17
	Payable turnover rate (times)	6.50	7.16	7.22	6.25	5.9
	Average days for sales	107	101	102	115	115
	Property, plant and equipment turnover rate (times)	11.57	12.56	13.42	11.38	11.97
	Total asset turnover rate (times)	1.63	1.59	1.54	1.25	1.23
Profitability	Return on assets (%)	6	6	8	8	5
	Return on equity (%)	15	12	12	13	10
	Ratio of profit before income tax to paid-in capital (%)	36	25	36	36	27
	Profit margin (%)	3	4	5	6	4
	Earnings per share (NT$)	2.60	2.58	2.91	3.07	2.19
Cash flow	Cash flow ratio (%)	4	(Note 1)	26	(Note1)	12
	Cash flow adequacy ratio (%)	66	55	60	63	42
	Cash flow reinvestment ratio (%)	(Note1)	(Note1)	2	(Note1)	(Note1)
Leveraging	Operating leverage	2.27	2.34	2.00	2.50	2.75
	Financial leverage	1.04	1.03	1.01	1.02	1.03

Reasons for changes in financial ratios in the most recent two annual periods (if the difference exceeds 20%):

(1) Decrease in interest coverage ratio and ratio of profit before income tax to paid-in capital: Due to the increase in selling expenses and the decrease in non-operating income, profits before income tax decreased.

(2) Decrease in return on assets, return on equity, profit margin, earnings per share: Due to the increase in selling expenses and the decrease in non-operating income, profits decreased.

(3) Increase in cash flow ratio and cash reinvestment ratio: While the epidemic situation is subsiding, the revenue increased, resulting in a increase in net cash inflow from operating activities.

(4) Decrease in operating leverage: While the epidemic situation is subsiding, the requirements of inventories increased.

Note 1：As a negative amount or zero.

Note 2：The accompanying financial data from the above years has been audited and attested by CPAs.

Below are calculations:

1. Financial structure
   (1) Ratio of debts to asset = Total liabilities / Total assets
   (2) Ratio of long-term capital to property, plant, and equipment = (Total equity + Non-current liabilities) / Net property, plant and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities.
   (2) Quick ratio = (Current assets - Inventories - Prepaid expenses) / Current liabilities
   (3) Interest coverage ratio = Net income before income tax and interest expense / Interest expenses over this period.
3. Operating ability
   (1) Receivable (including accounts receivable and notes receivable due to business operations) turnover rate = Net sales / Balance of average accounts receivable for various periods (including accounts receivable and notes receivable due to business operations).
   (2) Average collection days for receivables = 365/Receivables turnover rate.
   (3) Inventory turnover rate = Cost of goods sold/ Average inventory.
   (4) Payable (including accounts payable and notes payable due to business operations) turnover rate = Cost of goods sold / Balance of average accounts payables of various periods (including accounts payable and notes payable due to business operations).
   (5) Average days for sales = 365 / Inventory turnover rate.
   (6) Property, plant and equipment turnover rate = Net sale/Average net property, plant and equipment.
   (7) Total asset turnover rate = Net sales / Average total assets
4. Profitability
   (1) Return on assets = [Net income after taxes + interest expense x (1 - tax rate)] / Average total assets
   (2) Return on equity = Net income after taxes / Average total equity
   (3) Profit margin = Net income after taxes / Net sales
   (4) Earnings per share = (Net income attributable to shareholders of the parent company - preferred stock dividend) / Weighted average number of shares outstanding
5. Cash flow
   (1) Cash flow ratio = Net cash flow of operating activities / Current liabilities.
   (2) Cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (Capital expenditures + inventory increase + cash dividend) for the most recent five years.
   (3) Cash flow reinvestment ratio = (Net cash flow from operating activities - cash dividends) / (Gross value of property, plant, and equipment + Long-term investments + Other non-current assets + working capital).
6. Leveraging
   (1) Operating leverage = (Net operating revenue - variable operating cost and expenses) / Operating profit.
   (2) Financial leverage = Operating profit / (Operating profit - interest expenses).

C. The Audit Committee's Review Report

Audit Committee’s Review Report

The undersigned has duly audited the Operating Report, Financial Statements and Schedule of Earnings Distribution prepared by the Board of Directors for the year of 2022. Hung-Wen Fu and Mei-Ping Wu Certified Public Accountants of KPMG have audited the Financial Statements. The 2022 Financial Statements, Business Report, Independent and Auditors Report have been reviewed and determined to be correct and accurate by the Audit Committee of METAAGE CORPORATION I, as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act, and Article 219 and 228 of the Company Act.

2023 Annual General Shareholders’ Meeting

Chair of the Audit Committee: Wen-Tsung Wang

February 23, 2023

D. Consolidated Financial Statements with Independent Auditors' Report of the most recent year: please refer to Appendix 1.

E. Parent Company only Financial Statements with Independent Auditors' Report for the most recent year: Please refer to Appendix 2.

F. Any financial difficulties experienced by the Company and its affiliate businesses during the most recent year up to the publication date of this report need to be stated as well as the impact on the Company's financial position need to be outlined: None.

VII. Review and Analysis of Financial Position and Financial Performance, and Risk Management

A. Financial position Analysis

Unit: NT$ 1,000

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	7,002,085	6,485,818	516,267	8
Property, plant and equipment	926,433	943,464	(17,031)	(2)
Intangible assets	191,898	192,243	(345)	-
Other assets	1,010,387	905,984	104,403	12
Total assets	9,130,803	8,527,509	603,294	7
Current liabilities	4,264,270	3,458,949	805,321	23
Non-current liabilities	461,586	531,322	(69,736)	(13)
Total liabilities	4,725,856	3,990,271	735,585	18
Equity attributable to shareholders of Metaage.	4,242,237	4,290,563	(48,326)	(1)
Common stock	1,883,573	1,883,573	-	-
Capital surplus	1,272,747	1,275,919	(3,172)	-
Retained earnings	1,103,025	1,161,414	(58,389)	(5)
Other equity	(17,108)	(30,343)	13,235	44
Treasury stock	-	-	-	-
Former owner of business combination under common control	-	78,580	(78,580)	(100)
Non-controlling interests	162,710	168,095	(5,385)	(3)
Total equities	4,404,947	4,537,238	(132,291)	(3)

Reasons for changes in proportion exceeding 20 % in the most recent two years:

A. Increase in current liabilities: While the inventory is increasing due to shortage of materials and delays in acceptance of commodities by customers, the short-term loans and accounts payable also increased.

B. Increase in other equity: Due to the change in gains and loss on the exchange differences resulting from translating the financial statements in foreign operations.

C. Decrease in Equity attributable to former owner of business combination under common control and equity attributable to former owner of business combination under common control: The Group had fully acquired Metaguru Corporation from BenQ Guru Holding Limited(GSH) by cash and obtained control over Metaguru Corporation. This transaction is an organizational reorganization under common control, adopted the book value method and regarded as a combination from beginning. The company restated the 2021 consolidated financial statements and recognized former owner of business combination under common control and exchange differences on translation of Foreign Financial Statements, with relation to the acquisition.

B. Financial performance analysis

Unit: NT$ 1,000

Item \ Year	2022	2021	Increase (decrease) amount	Change in proportion
Operating Revenue	12,113,025	12,000,721	112,304	1
Gross profit	1,684,574	1,569,234	115,340	7
Profit from operations	431,333	495,883	(64,550)	(13)
Non-operating income and expenses	101,461	218,041	(116,580)	(53)
Profit before income tax	532,794	713,924	(181,130)	(25)
Profit from continuing operations for the year	430,748	605,124	(174,376)	(29)
Losses from discontinued operations	-	-	-	-
Profit(loss) for the year	430,748	605,124	(174,376)	(29)
Other comprehensive income (loss), net of taxes	13,869	(31,179)	45,048	144
Total comprehensive income (loss) for the year	444,617	573,945	(129,328)	(23)

Reasons for changes in proportion exceeding 20 % in the most recent two years:

1. Decrease in non-operating income and expenses, profit before income tax, profit from continuing Operation, and total comprehensive income: Due to focusing on the main business, disposal of non-core investments, non-operating income increased in 2021.

2. Increase in other comprehensive (loss) income for the year, net of income tax: Due to the change in gains and loss on the exchange differences resulting from translating the financial statements in foreign operations.

C. Cash flow

(A) Change in consolidated cash flow in 2022

Unit: NT$1,000

Cash balance at the beginning of 2022	2022 Net cash inflow(outflow)	Cash balance at the end of 2022
673,911	110,162	784,073

(B) Analysis of changes in consolidated cash flow for recent 2 years

Unit: NT$1,000

	2022	2021	Increase (decrease) amount	Change in proportion
Net cash flows provided by operating activities	495,612	(176,067)	671,679	381
Net cash flows used in investing activities	(128,645)	136,533	(265,178)	(194)
Net cash flows used in financing activities	(265,305)	(42,580)	(222,725)	(523)

1. Net cash inflow from operating activities was NT$ 495,612 thousand; while the epidemic situation is subsiding, the revenue increased and net cash inflow from operating activities increased.

2. Net cash outflow from investment activities was NT$128,645 thousand, due to acquisition of non-current financial assets at fair value through profit or loss, cash outflows from investment activities increased.

3. Net cash outflow from financing activities was NT$265,305 thousand, due to repayments of short-term borrowings, cash outflows from financing activities increased..

(C) Liquidity improvement plan: Not applicable.

(D) Analysis of cash liquidity in the coming year: Not applicable.

D. Material expenditures of the most recent year and impact on the Company's finances and operations

(A) Material expenditures of the most recent year: None.

(B) Impact on the Company's finances and operations: None.

E. Investment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the improvement plan, and investment plans for the coming year

(A) The investment plan is expected to exceed 5% of the paid-in capital in 2022: The Company’s re-investment company has been disclosed in the financial report (please refer to Appendix I of the annual report). The Company’s re-investment policy is in line with the company’s business development strategy and operational requirements, and the profit of investments for the equity’s method was NT$6,185 thousand, in 2022 consolidated financial report.

(B) The investment plan is expected to exceed 5% of the paid-in capital in 2023: The company doesn’t have the investment plan exceeds 5% of the paid-in capital in 2023.

F. Matters for Analysis and Assessment for Risks

(A) The impact of interest rates, exchange rates changes and inflation on the Company's profits and losses and future countermeasures

1. The impact of recent changes in interest rates on the profit and loss of the company and its subsidiaries and future countermeasures

   The financial conditions of the company and its subsidiaries are sound. Therefore, the interest expense recognized in this year is NT$ 25,480 thousand, due to short-term financing, which only accounts for 0.21% of operating income. Therefore, interest rate fluctuations have little impact on the company.

2. The impact of the recent exchange rate changes on the profit and loss of the company and its subsidiaries and future countermeasures

   The exchange profit recognized by the company and its subsidiaries in this year is NT$ 19,223 thousand, accounting for 0.16% of the current net operating income. In order to avoid a decrease in the value of foreign currency assets and fluctuations in future cash flows due to changes in exchange rates, the company and its subsidiaries use the derivatives to avoid risks of the exchange rate, so the change in the exchange rate have limited impact on the company.

(B) The main reasons for the high-risk, high-leveraged investment, capital loan, guarantee/endorsement and derivative commodity trading, and the profits or losses and future countermeasures.

1. In the most recent year, the company has not engaged in transactions related to high-risk, highly leveraged investments, lending loans to others, except for forward foreign exchange contracts. The transactions of the derivatives focus on avoiding of foreign currency-denominated liabilities due to fluctuations in the exchange rate. For a rise in risks, the company and its subsidiaries use the derivatives for hedging purposes that are highly negatively correlated with changes in the fair value. In addition, the company and its subsidiaries are engaged in the sale of foreign exchange options for hedging, and continuously and regularly assess the fair value risk arising from the change in the exchange rate, and take appropriate countermeasures at times.
2. In the most recent year, the company's endorsements/guarantees, regarding with the amount of endorsements/ guarantees undertaken by COREX (PTY) LTD, for fund requirements, so the company provides guarantees to assist it in obtaining short-term credit lines of the bank, is made due to needs arising from the ordinary relationship, with no unusual events.
3. In order to control the aforementioned transaction risks, the company has established internal management measures and operating procedures in accordance with relevant laws and regulations, including " Handling Procedures for Acquisition or Disposal of Assets", " Handling Procedures for Lending Funds to Other Parties or Endorsements & Guarantees ", and conducting regular audit and public announcement.

(C) R&D expenses for future R&D projects and investment amount.

Please reference “The development plan of new products and services” of “V. Operations Overview”.

(D) The impact of important policies and legal regulations changes at domestic and abroad on the Company's financial status and the countermeasures

There are no impact of important policies and legal regulations changes at domestic and abroad on the Company's financial status and the countermeasures in 2022.

(E) The impact of technological and industrial changes on the Company's financial business and the countermeasures

The company and its subsidiaries are value-added distributors of professional network systems. Changes in technology can create business opportunities for the network information industry to seek enhancement, innovation, and security. It can provide opportunities for the company to sell new products and indicate the impact of changes in technology. There is no negative impact on the company's financial business.

(F) The impact of corporate image changes on corporate crisis management and the countermeasures.

The company and its subsidiaries have always abided by laws and regulations and fulfill social responsibilities, and there are no negative reports.

(G) Expected benefits and possible risks of M&A and the countermeasures: Not applicable.

(H) Expected benefits and possible risks of the expansion of factory and the countermeasures

The company does not have a factory, so it is not applicable.

(I) Risk of procurement and sales concentration, and countermeasures

1. Procurement

   The company makes an effort to acquire distributing rights of other well-known brands in order to reduce the operational risk of procurement concentration.

2. Sales

   The company and its subsidiaries accounted for 25.59% of the top ten customers in the most recent year, and there is no risk of sales concentration.

(J) The impact and risk of a substantial transfer or replacement of equities by Directors, Supervisors or Shareholders holding more than 10% of the total shares: Not applicable.

(K) Impact of changes in management on the Company and risks: Not applicable.

(L) Disclosure of disputed contents, amounts of the subject matters, commencement dates of the proceedings, parties involved in the proceedings of litigation or non-litigation events, major closed or ongoing lawsuits and litigation or non-litigation events involving the Company and its Directors, Supervisors, General Managers, Substantive Persons–in Charge, major shareholders holding more than 10% of total shares and affiliates/subsidiaries with results of which may have a material impact on the shareholders' equity or the price of the securities, and the actual results as of the printing date of this Annual Report.

1. The company and its subsidiaries: NA.
2. The company and its Directors, Supervisors, General Managers, Substantive Persons–in Charge, major shareholders holding more than 10% of total shares and affiliates/subsidiaries: NA.

(M) Other major risks and the countermeasures

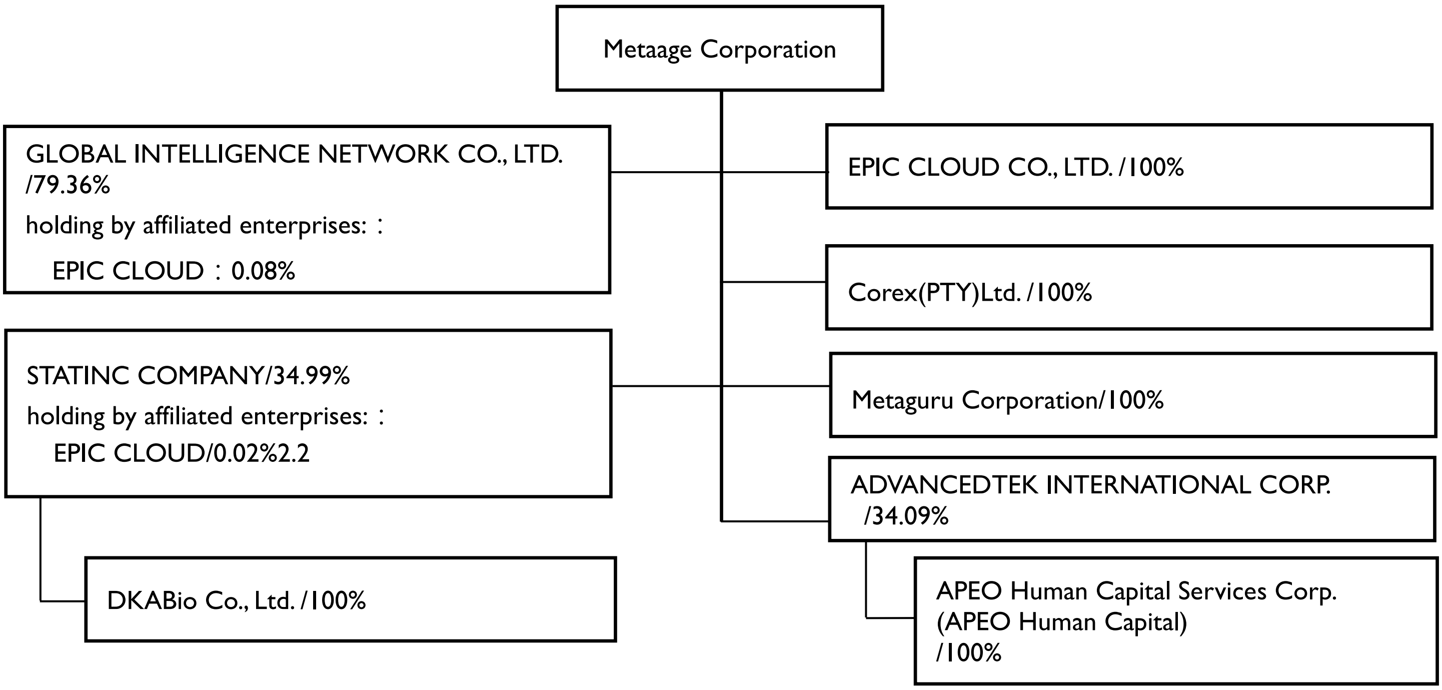
G. Other material matters: None.

VIII. Special Notes

A. Summary of affiliated companies in recent year：

(A) Consolidated business report of affiliated companies：

1. Affiliated companies charts(as of 12/31/2022)



2. Basic information of affiliates

2023/4/1;Unit: NT$ 1,000

Company	Date of Incorporation	Place of Registration	Capital Stock (NT$)	Main business or production activities
GLOBAL INTELLIGENCE NETWORK CO., LTD.	2000/03/21	11 F, No. 516, Sec. 1, Neihu Rd., Neihu Dist., Taipei City	132,000	Software and hardware trading such as, network and communication system, etc.
EPIC CLOUD CO., LTD.	2018/07/03	10F, No. 516, Sec. 1, Neihu Rd., Neihu Dist., Taipei City	27,500	Data software and data processing services
STATINC COMPANY	2011/12/02	7F., No. 9, Aiguo W. Rd., Zhongzheng Dist., Taipei City	50,130	Market research service, marketing consulting, and big data and cloud database, etc.
ADVANCEDTEK INTERNATIONAL CORP.	1998/01/26	8F., No. 303, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City	33,812	Applications of software implementing services
Corex(PTY) Ltd.	2003/05/29	500, 16th Road, Randjespark, Midrand, 1685, Gauteng	134,262	Import and export of electronic products for sale and purchase
Metaguru Corporation	2003/11/25	10F, No. 516, Sec. 1, Neihu Rd., Neihu Dist., Taipei City	20,000	Researches and sales of network information system
APEO Human Capital Services Corp. (APEO Human Capital)	2005/07/07	15F., No. 57, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City	2,000	Applications of software implementing services
DKABio Co., Ltd.	2021/05/10	7F., No. 9, Aiguo W. Rd., Zhongzheng Dist., Taipei City	20,000	Market research, management consulting and data processing

3. Presumed to be the same shareholder for those with relations of control and affiliation: None.

4. Directors, supervisors, and presidents of affiliates

2023/4/1

Name of business	Title	Name or representative	Shareholding	
			Shares (Investment Amount)	(Investment Holding %)
GLOBAL INTELLIGENCE NETWORK CO., LTD.	Chairman& President	METAAGE CORPORATION Representative：Shu-Erh Kuo	10,475,000	79.36
	Director	METAAGE CORPORATION Representative：TK Young, SHU-FEN, Huang	10,475,000	79.36
	Supervisor	METAAGE CORPORATION Representative：Mavis Lin	10,000	0.08
EPIC CLOUD CO., LTD.	Chairman& President	METAAGE CORPORATION Representative：TK Young	2,750,000	100.00
	Director	METAAGE CORPORATION Representative：Shu-Erh Kuo, CHIEN-CHENG, Shih	2,750,000	100.00
	Supervisor	METAAGE CORPORATION Representative：Mavis Lin	2,750,000	100.00
STATINC COMPANY	Chairman& President	Ya-Hui Yang	10,000	0.20
	Director	METAAGE CORPORATION Representative：TK Young、CHIH-HSIUNG SU	1,753,958	34.99
	Supervisor	Mavis Lin、Shih-Chin Chuang	-	-
ADVANCEDTEK INTERNATIONAL CORP.	Chairman	METAAGE CORPORATION Representative：Jung-Chien Chien	1,152,800	34.09
	Director	Yung-Fu Investment Co., Ltd. Representative：Kuan-Chin Wang, Chen-Chung Wu	43,601	1.29
	Director	METAAGE CORPORATION Representative：TK Young、Li-Tsung Lin	1,152,800	34.09
	Supervisor	Shih-Chieh Yang	10,920	0.32
	Supervisor	Mavis Lin	-	-
COREX(PTY) LTD.	Director	TK Young, Hung-Chih Lu, Mavis Lin	773	100.00
Metaguru Corporation	Chairman	METAAGE CORPORATION Representative：TK YOung	2,000,000	100.00
	Director	METAAGE CORPORATION Representative：Leo Hsiao, Simon Yang	2,000,000	100.00
	Supervisor	METAAGE CORPORATION Representative：Mavis Lin	2,000,000	100.00
APEO Human Capital Services Corp. (APEO Human Capital)	Director	ADVANCEDTEK INTERNATIONAL CORP. Representative：Jung-Chien Chien	200,000	100.00
DKABio Co., Ltd.	Chairman	STATINC COMPANY Representative：Ya-Hui Yang	2,000,000	100.00

5. Overview of affiliates' operations:

2022/12/31;Unit: NT$1,000

Name of business	Capital	Total assets	Total liabilities	Net assets	Revenue	Profit from operations	Profit or loss for the year (After income tax)	Earnings per share (dollar; after income tax)
GLOBAL INTELLIGENCE NETWORK CO., LTD.	132,000	652,090	421,981	230,109	1,268,553	12,970	10,752	0.81
EPIC CLOUD CO., LTD.	27,500	64,042	59,615	4,427	155,371	(22,990)	(23,008)	(5.30)
STATINC COMPANY	50,130	122,944	26,154	96,790	105,429	1,140	(5,708)	(1.14)
ADVANCEDTEK INTERNATIONAL CORP.	33,812	185,620	106,042	79,578	292,439	20,472	21,266	6.29
COREX(PTY) LTD.	134,262	330,479	168,856	161,623	562,081	(14,818)	(23,559)	(30,476.80)
Metaguru Corporation	17,119	43,358	14,304	29,054	31,697	6,555	7,074	2.34
APEO Human Capital Services Corp. (APEO Human Capital)	2,000	4,457	1,875	2,582	13,442	61	65	0.32
DKABio Co., Ltd.	20,000	13,858	1,408	12,450	1,329	(6,479)	(6,462)	(3.23)

(B) Consolidated financial statements of affiliated companies：Please refer to Appendix 1.

(C) Report of affiliated companies：Not applicable.

A. Private Placement Securities in the Most Recent Years：None.

B. Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

C. Other supplementary information：None.

IX. 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.

Representation Letter

The entities that are required to be included in the combined financial statements of METAAGE CORPORATION as of and for the year ended December 31, 2022 under the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, METAAGE CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Hereby declare

Company name: METAAGE CORPORATION
Chairman: Michael CH Lee
Date: Febuary 23, 2023

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Independent Auditors' Report

To the Board of Directors of METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.):

Opinion

We have audited the consolidated financial statements of METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021 (restated), the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, (restated), and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021 (restated), and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2022 and 2021, (restated), in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation as well as related guidance endorsed 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 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 requirement. 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 of our opinion.

Emphasis of Matter

As stated in Note 1, Note 4(c) and Note 6(g), METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) fully acquired 100% shareholdings in Metaguru Corporation from subsidiary of Qisda Corporation, BenQ Guru Holding Limited by cash on December 1, 2022. Pursuant to the Interpretations (2012) No. 301 issued by Accounting Research and Development Foundation, the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. The Group restated the consolidated financial statements for the year ended December 31, 2021. Our conclusion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of certain subsidiaries of the Group and investments accounted for using the equity method. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to the amounts included for those subsidiaries and investees, is based solely on the reports of other auditors. The total assets of those subsidiaries constituted 2.04% and 1.77% of the total consolidated assets as of December 31, 2022 and 2021 (restated), respectively, and the total operating revenue constituted 2.42% and 1.73% of the consolidated operating revenue for the years ended December 31, 2022 and 2021 (restated), respectively. In addition, the recognized investments accounted for using the equity method constituted 1.23% and 1.24% of the total consolidated assets as of December 31, 2022 and 2021 (restated), respectively, and the recognized shares of profit or loss of associates accounted for using equity method constituted 1.35% and 0.68% of the consolidated profit before tax for the years ended December 31, 2022 and 2021 (restated), respectively.

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) has prepared its parent-company-only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion with emphasis of matter and other matter paragraph.

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 of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of inventories

   Please refer to Note 4(h) for the accounting policy for inventories, Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(e) for the details and related expenses for inventories.

   Description of key audit matter:

   Inventories are measured at the lower of cost or net realizable value. Since information products, such as network and servers, are constantly evolving, and prices impact end-consumers' decisions on expenditure, sales of related products may fluctuate, resulting in a risk that the cost of inventories may exceed their net realizable values. Consequently, the estimate of the net realized value of inventories, dependent on management' s subjective judgment, was considered to be a matter of high concern in our audit of the financial statements.

   How the matter was addressed in our audit:

   Our audit procedures included understanding the Group's policy for recognizing inventory allowances so as to assess whether inventory valuation was conducted pursuant to the policy; comparing the reasonableness of management' s recognition of the allowance for inventory loss for prior years with the approach and assumption about the recognition of the allowance for inventory loss for the current period, in order to evaluate the appropriateness of the latter; looking into and sampling the sales prices adopted by management and reviewing sales transactions after the balance sheet date, with a view to assessing whether the estimate of the net realizable value of inventories and the loss allowance was reasonable.

2. Impairment of goodwill

   Please refer to Note 4(o) for the accounting policy on impairment of non-financial assets, Note 5 for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(m) for the assessment of impairment of goodwill.

   Description of key audit matter:

   Goodwill arising from acquisition of subsidiaries is annually subject to impairment test or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management's judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

   How the matter was addressed in our audit:

   Our audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions; performing a sensitivity analysis of the results; and assessing the adequacy of the Group's disclosures with respect to the related information.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, 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 auditor's 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 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 and 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 a statement 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 of the current period 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 HUNG-WEN, FU and MEI-PIN, WU.

KPMG

Taipei, Taiwan (Republic of China)
Febuary 23, 2023

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' review report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

		December 31, 2022		December 31, 2021 (Restated)	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 784,073	9	673,911	8
1110	Current financial assets at fair value through profit or loss (Note 6(b))	623	-	243	-
1141	Current contract assets (Note 6(w))	8,037	-	20,392	-
1170	Notes and accounts receivable, net (Notes 6(c) and (w))	2,669,519	29	2,737,713	32
1180	Accounts receivable due from related parties, net (Notes 6(c), (w) and 7)	57,129	1	82,141	1
1300	Inventories (Note 6(e))	3,429,498	38	2,858,682	33
1410	Prepayments (Note 7)	47,007	-	56,052	1
1470	Other current assets (Notes 6(d) and 7)	6,199	-	56,684	1
		7,002,085	77	6,485,818	76
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	510,844	6	338,296	4
1550	Investments accounted for using equity method (Note 6(f))	115,854	1	110,312	1
1600	Property, plant and equipment (Notes 6(j) and 8)	926,433	10	943,464	11
1755	Right-of-use assets (Note 6(k))	169,707	2	188,707	2
1780	Intangible assets (Notes 6(g) and (m))	191,898	2	192,243	2
1840	Deferred income tax assets (Note 6(t))	45,873	1	58,833	1
1931	Long-term notes receivable (Notes 6(c) and (w))	27,936	-	34,265	1
1942	Long-term accounts receivables due from related parties (Notes 6(c), (w) and 7)	32,886	-	65,772	1
1990	Other non-current assets (Notes 6(s) and 8)	107,287	1	109,799	1
		2,128,718	23	2,041,691	24
	Total assets	$ 9,130,803	100	8,527,509	100

		December 31, 2022		December 31, 2021 (Restated)	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(n))	$ 1,291,601	14	1,145,658	14
2110	Short-term notes and bills payable (Note 6(o))	199,619	2	-	-
2120	Current financial liabilities at fair value through profit or loss (Notes 6(b) and (g))	13,930	-	7,522	-
2130	Contract liability (Note 6(w))	300,110	4	254,000	3
2170	Notes and accounts payable (Note 7)	1,934,173	21	1,453,248	17
2200	Other payables (Note 7)	460,621	5	514,571	6
2280	Current lease liabilities (Notes 6(q) and 7)	43,564	1	42,065	1
2310	Advance receipts	866	-	23,171	-
2320	Long-term borrowings, current portion (Note 6(p))	16,627	-	17,037	-
2399	Other current liabilities	3,159	-	1,677	-
		4,264,270	47	3,458,949	41
	Non-current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (Notes 6(b) and (g))	63,144	1	97,986	1
2540	Long-term borrowings (Note 6(p))	260,254	3	276,586	3
2580	Non-current lease liabilities (Notes 6(q) and 7)	131,241	1	152,384	2
2600	Other non-current liabilities (Note 6(t))	6,947	-	4,366	-
		461,586	5	531,322	6
	Total liabilities	4,725,856	52	3,990,271	47
	Equity attributable to owners of parent:				
3100	Share capital (Note 6(u))	1,883,573	20	1,883,573	22
3200	Capital surplus (Notes 6(f), (g), (h) and (u))	1,272,747	14	1,275,919	15
3310	Legal reserve (Note 6(u))	441,048	5	383,289	4
3320	Special reserve (Note 6(u))	30,343	-	-	-
3350	Unappropriated retained earnings (Note 6(u))	631,634	7	778,125	9
3400	Other equity interest	(17,108)	-	(30,343)	-
	Total equity attributable to owners of parent	4,242,237	46	4,290,563	50
35XX	**Equity attributable to former owner of business combination under common control**	-	-	78,580	1
36XX	**Non-controlling interests**	162,710	2	168,095	2
	Total equity	4,404,947	48	4,537,238	53
	Total liabilities and equity	$ 9,130,803	100	8,527,509	100

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

		For the years ended December 31			
		2022		2021 (Restated)	
		Amount	%	Amount	%
4000	**Operating revenue (Notes 6(w) and 7)**	$ 12,113,025	100	12,000,721	100
5000	**Operating costs (Notes 6(e), (s), 7 and 12)**	10,428,451	86	10,431,487	87
	Gross profit	1,684,574	14	1,569,234	13
	Operating expenses (Notes 6(c), (s), (x), 7 and 12):				
6100	Selling expenses	1,012,906	8	862,876	7
6200	General and administrative expenses	200,254	2	194,003	2
6300	Research and development expenses	40,032	-	29,850	-
6450	Expected credit loss (Reversal of expected credit loss)	49	-	(13,378)	-
		1,253,241	10	1,073,351	9
	Net operating income	431,333	4	495,883	4
	Non-operating income and expenses:				
7010	Other income (Notes 6(q), (y) and 7)	22,245	-	13,238	-
7100	Interest income	2,991	-	1,439	-
7020	Other gains and losses (Notes 6(i), (j), (y) and 7)	95,520	-	217,519	2
7050	Finance costs (Notes 6(q), (y) and 7)	(25,480)	-	(17,994)	-
7060	Share of profit (loss) of associates accounted for using equity method (Note 6(f))	6,185	-	3,839	-
		101,461	-	218,041	2
	Profit before income tax	532,794	4	713,924	6
7950	**Less: Income tax expenses (Note 6(t))**	102,046	-	108,800	1
	Profit	430,748	4	605,124	5
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8311	Remeasurements of defined benefit plans (Note 6(s))	962	-	(1,268)	-
8320	Share of other comprehensive income of associates for using equity method (Note 6(f))	(136)	-	349	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Items that may not be reclassified subsequently to profit or loss	826	-	(919)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	13,043	-	(30,260)	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	Items that may be reclassified subsequently to profit or loss	13,043	-	(30,260)	-
8300	**Other comprehensive income, net of tax**	13,869	-	(31,179)	-
	Total comprehensive income	**$ 444,617**	**4**	**573,945**	**5**
	Profit attributable to:				
8610	Owners of parent	$ 412,505	4	577,591	5
8615	Former owner of business combination under common control	5,721	-	6,989	-
8620	Non-controlling interests	12,522	-	20,544	-
		$ 430,748	**4**	**605,124**	**5**
	Comprehensive income (loss) attributable to:				
8710	Owners of parent	$ 425,740	4	547,248	5
8715	Former owner of business combination under common control	5,721	-	6,989	-
8720	Non-controlling interests	13,156	-	19,708	-
		$ 444,617	**4**	**573,945**	**5**
	Earnings per share (Note 6(v))				
9750	**Basic earnings per share (NT dollars)**	**$**	**2.19**		**3.07**
9850	**Diluted earnings per share (NT dollars)**	**$**	**2.17**		**3.04**

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	Equity Attributable to owners of parent											
			Retained earnings									
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit	Total equity attributable to owners of parent	Equity attributable to former owner of business combination under common control	Non-controlling interests	Total equity
Balance on January 1, 2021	$ 1,883,573	1,333,011	328,387	-	726,330	-	-	-	4,271,301	153,960	275,045	4,700,306
Profit	-	-	-	-	577,591	-	-	-	577,591	6,989	20,544	605,124
Other comprehensive income	-	-	-	-	-	(29,705)	(2)	(636)	(30,343)	-	(836)	(31,179)
Comprehensive income	-	-	-	-	577,591	(29,705)	(2)	(636)	547,248	6,989	19,708	573,945
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	54,902	-	(54,902)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(470,894)	-	-	-	(470,894)	-	-	(470,894)
Reorganization	-	(57,631)	-	-	-	-	-	-	(57,631)	(82,369)	-	(140,000)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(22,914)	(22,914)
Difference between consideration and carrying amount of subsidiaries' share acquired	-	(440)	-	-	-	-	-	-	(440)	-	(60)	(500)
Changes in equity of associates accounted for using equity method	-	979	-	-	-	-	-	-	979	-	-	979
Derecognize non-controlling interests due to disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	(227,162)	(227,162)
Acquisition of non-controlling interests in a business combination	-	-	-	-	-	-	-	-	-	-	119,701	119,701
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	3,777	3,777
Balance on December 31, 2021	1,883,573	1,275,919	383,289	-	778,125	(29,705)	(2)	(636)	4,290,563	78,580	168,095	4,537,238
Profit	-	-	-	-	412,505	-	-	-	412,505	5,721	12,522	430,748
Other comprehensive income	-	-	-	-	-	12,874	(171)	532	13,235	-	634	13,869
Comprehensive income	-	-	-	-	412,505	12,874	(171)	532	425,740	5,721	13,156	444,617
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	57,759	-	(57,759)	-	-	-	-	-	-	-
Special reserve	-	-	-	30,343	(30,343)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(470,894)	-	-	-	(470,894)	-	-	(470,894)
Capital reduction	-	-	-	-	-	-	-	-	-	(56,600)	-	(56,600)
Reorganization	-	(3,299)	-	-	-	-	-	-	(3,299)	(27,701)	-	(31,000)
Distribution of cash dividend by subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(18,541)	(18,541)
Changes in equity of associates accounted for using equity method	-	73	-	-	-	-	-	-	73	-	-	73
Proceeds from the disposal of forfeited funds from employee stock ownership trust	-	54	-	-	-	-	-	-	54	-	-	54
Balance on December 31, 2022	$ 1,883,573	1,272,747	441,048	30,343	631,634	(16,831)	(173)	(104)	4,242,237	-	162,710	4,404,947

See accompanying notes to the consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2022	2021 (Restated)
Cash flows from operating activities:		
Profit before income tax	$ 532,794	713,924
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	85,074	79,010
Amortization expense	10,332	11,154
Gains on disposal of investment property and property, plant and equipment	(52)	(10,262)
Loss on disposal of investments accounted for using equity method	15	-
Expected credit loss (Reversal of expected credit loss)	49	(13,378)
Net gains on valuation of financial assets (liabilities) at fair value through profit or loss	(63,261)	(76,717)
Share of profit (loss) of associates accounted for using equity method	(6,185)	(3,839)
Gain on disposal of non-current assets or liabilities held for sale	-	(84,232)
Gain on disposal of subsidiaries	-	(20,696)
Interest expense	25,480	17,994
Interest income	(2,991)	(1,439)
Dividend income	(13,671)	(7,812)
Others	(65)	(428)
Total adjustments to reconcile profit (loss)	34,725	(110,645)
Changes in operating assets and liabilities:		
Total net changes in operating assets:		
Notes and accounts receivable (including long-term and related parties)	133,623	(795,753)
Current financial assets at fair value through profit or loss	-	154,049
Inventories	(583,906)	142,988
Contract assets	12,355	(6,420)
Other current assets	10,417	28,357
Other non-current assets	(1,254)	4,709
Total changes in operating assets	(428,765)	(472,070)
Total changes in operating liabilities:		
Contract liability	46,110	(107,338)
Notes and accounts payable	480,925	(143,386)
Other payables	(38,729)	60,804
Advance receipts	(22,305)	9,852
Other current liabilities	1,482	(7,454)
Total changes in operating liabilities	467,483	(187,522)
Total changes in operating assets and liabilities	38,718	(659,592)
Total adjustments	73,443	(770,237)
Cash inflows (outflows) generated from operations	606,237	(56,313)
Interest received	3,002	1,375
Dividends received	13,671	7,812
Interest paid	(24,692)	(17,885)
Income taxes paid	(102,606)	(111,056)
Net cash inflows (outflows) from operating activities	495,612	(176,067)
Cash flows from investing activities:		
Decrease in financial liabilities at fair value through profit or loss	(7,408)	-
Acquisition of non-current financial assets at fair value through profit or loss	(130,856)	(100,000)
Acquisition of investments accounted for using equity method	-	(5,000)
Return of capital from investments accounted for using equity method	565	-
Share capital from acquisition of subsidiaries	(31,000)	(140,000)
Consideration from disposal of subsidiaries	-	46,246
Net cash inflows from business combination	-	60,431
Proceeds from disposal of non-current assets or liabilities as held for sale	-	265,795
Acquisition of property, plant and equipment	(8,728)	(7,534)
Proceeds from disposal of investment property and property, plant and equipment	52	27,116
Decrease (increase) in refundable deposits	(7,202)	1,632
Acquisition of intangible assets	(4)	(106)
Decrease (increase) in other current assets	52,899	(9,010)
Decrease (increase) in other non-current assets	3,037	(3,037)
Net cash inflows (outflows) from investing activities	(128,645)	136,533
Cash flows from financing activities:		
Increase in short-term borrowings	145,943	624,899
Increase in short-term notes and bills payable	199,619	-
Repayments of long-term borrowings	(16,742)	(16,874)
Decrease in other payables	-	(113,742)
Increase (decrease) in guarantee deposits	63	(44)
Payments of lease liabilities	(48,207)	(42,511)
Capital reduction	(56,600)	-
Change in non-controlling interests	-	(500)
Cash dividends paid	(470,894)	(470,894)
Dividends to non-controlling interests from subsidiaries	(18,541)	(22,914)
Proceeds from the disposal of forfeited funds from employee stock ownership trust	54	-
Net cash outflows from financing activities	(265,305)	(42,580)
Effect of exchange rate changes on cash and cash equivalents	8,500	(21,519)
Increase (decrease) in cash and cash equivalents	110,162	(103,633)
Cash and cash equivalents, beginning of period	673,911	777,544
Cash and cash equivalents, end of period	$ 784,073	673,911

See accompanying notes to the consolidated financial statements.

(1) Company history

METAAGE CORPORATION ("the Company"), formerly called SYSAGE TECHNOLOGY CO., LTD., was incorporated on April 16, 1998 under the approval of Ministry of Economic Affair, Republic of China ("R.O.C."). The Company changed the name to METAAGE CORPORATION in June, 2022. The address of its registered office is 10F, No. 516, Sec. 1, Neihu Rd., Taipei City 114064, Taiwan (R.O.C.). The consolidated financial statements as of December 31, 2022 consist of the Company and its subsidiaries (collectively as "the Group"), and the interests of associates. The Group's major business activities include distributing and reselling products of software and hardware equipment of ICT Infrastructures from Cisco and other companies, Computing & Data Utilization from IBM, Dell, EMC, and other companies, Digitalization from Oracle and other companies. The Group provides integrated planning for the products it sells, including related services of consulting, education and training as well as research, development of software of information applications, services and sales business, and market research.

The Company had fully acquired COREX (PTY) LTD ("COREX") from Partner Tech Corporation ("Partner Tech") by cash on January 4, 2021, and had fully acquired Metaguru Corporation ("Metaguru") from BenQ Guru Holding Limited ("GSH") by cash on December 1, 2022. Partner Tech, GSH and the Company have the same ultimate parent, which is Qisda Corporation. The transactions are an organizational reorganization under common control; please refer to Note 6(g) for details.

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the Board of Directors on Febuary 23, 2023.

(3) New standards, amendments, and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission ("FSC"), R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment—Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(b) The impact of IFRSs issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(c) The impact of IFRSs issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by IASB, but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

(Continued)

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies

The significant accounting policies applied in the preparation of these consolidated financial statements are set out as below. Except for those specifically indicated, the following accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C. ("the IFRSs endorsed by the FSC").

(Continued)

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollars, the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(iii) Business combinations under common control

The business combinations under common control often occur as the ownership of the company change to another but they are both controlled by the same ultimate parent company. These combinations are treated as the later of either the earliest comparative period in financial statements or the date under common control to restate comparative information of prior period. Under common control, assets and liabilities are recognized at their original carrying amount. The consolidated financial statements do not recognize the goodwill or the fair value of acquirer's share of the acquiree's interest in the acquiree's identifiable assets, liabilities, and contingent liabilities in excess of the common controlled carrying amount.

In preparing the consolidated balance sheet, the equity from acquisition record as "Equity attributable to former owner of business combination under common control"; In preparing the consolidated statements of comprehensive income, the profit or loss belong to former controlling shareholders record as "profit (loss), attributable to former owner of business combination under common control".

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its control over the entity.

(Continued)

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Subsidiaries' financial statements are adjusted to align the accounting policies with those of the Group.

Changes in the Group's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. 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 and attributed to the shareholders of the Company.

When the Group loses control of its subsidiaries, the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost will be derecognized and any investment retained in the former subsidiary at its fair value at the date when control is lost will be remeasured in the consolidated financial statement. The difference of disposal gain or loss is between the aggregate of (i) the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

			Shareholding		
Name of investor	**Name of subsidiary**	**Principal activity**	**December 31, 2022**	**December 31, 2021**	**Note**
The Company	EPIC CLOUD CO., LTD. (EPIC CLOUD)	Data software and data processing services	100.00 %	100.00 %	
The Company	COREX (PTY) LTD (COREX)	Sale, import and export of electronic products	100.00 %	100.00 %	(Note 1)
The Company	ADVANCEDTEK INTERNATIONAL CORP. (ADVANCEDTEK INTERNATIONAL)	Implementing services of application software	34.09 %	34.09 %	(Note 2)
The Company	Metaguru Corporation (Metaguru)	R&D and sales of computer information systems	100.00 %	- %	(Note 3)
The Company and EPIC CLOUD	GLOBAL INTELLIGENCE NETWORK CO., LTD. (GLOBAL INTELLIGENCE NETWORK)	Trading in hardware and software for network and communications systems	79.43 %	79.43 %	

(Continued)

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2022	Shareholding December 31, 2021	Note
The Company and EPIC CLOUD	STATINC COMPANY (STATINC)	Market research service, marketing consulting, and big data and cloud database, etc.	35.01 %	35.01 %	(Note 4)
STATINC	DKABio Co., Ltd. (DKABio)	Market research service, marketing consulting, and big data and cloud database, etc.	100.00 %	100.00 %	(Note 5)
ADVANCEDTEK INTERNATIONAL	APEO Human Capital Services Corp. (APEO Human Capital)	Applications implementing services	100.00 %	100.00 %	(Not e 2)

Note 1:On January 4, 2021, the Company had fully acquired COREX from Parent Tech by cash and obtained control over COREX. This transaction is an organizational reorganization under common control, adopted the book value method and regarded as a combination from beginning.

Note 2:The Group holds 34.09% of the voting shares of ADVANCEDTEK INTERNATIONAL. In January 2021, the Group obtained letters of support signed by original shareholders representing 20.36% of the company’s shareholding, making the Group have control over ADVANCEDTEK INTERNATIONAL; and the group obtained more than half of the total number of directors of the Board in May 2021. Please refer to Note 5.

Note 3:On December 1, 2022, the Group had fully acquired Metaguru from GSH by cash and obtained control over Metaguru. This transaction is an organizational reorganization under common control, adopted the book value method and regarded as a combination from beginning. The consolidated financial statements for the year ended December 31, 2021 have been restated for comparison with the financial statements for the year ended December 31, 2022.

Note 4:In February 2021, the Group acquired 35.01% of voting shares of STATINC and owned more than half of the total number of directors; therefore, it is determined that the Group has control over STATINC. Please refer to Note 5.

Note 5:DKABio was established by STATINC in May 2021.

(d) Foreign currency transactions and operations

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (“the reporting date”) monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies measured based on historical cost are translated using the exchange rate at the date of transaction.

(Continued)

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting date; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in its normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting date; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

(f) Cash and cash equivalents

Cash comprises cash on hand and deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amount of cash and are subject to an insignificant risk of changes in their fair value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial assets

Accounts receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus/minus the cumulative amortization using the effective interest method, and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

2) Financial assets at fair value through profit or loss

All financial assets not classified as amortized cost or fair value through other comprehensive income (“ FVOCI”) described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These assets are subsequently measured at fair value.

Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (“ECL”) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposits and other financial assets).

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group’s historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly once it is past due.

(Continued)

The Group considers a financial asset to be in default when the financial asset is more than 120 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECL are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(Continued)

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement and the definitions of a financial liability and an equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received less the direct issuing cost.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

(iii) Derivative financial instruments

Derivatives held for hedging risk exposure to currency and interest rate are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The costs of inventories weighted-average principle include expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through a sale transaction, rather than through continuing use, are reclassified as non-current assets held for sale. Immediately before the initial classification of the non-current assets or disposal groups as held for sale, the carrying amount of the assets (or all the assets and liabilities in the group) is measured in accordance with the Group's applicable accounting policies. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as held for sale, intangible assets and property, plant and equipment, are no longer amortized or depreciated and any equity-accounted investee is no longer equity accounted.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The consolidated financial reports include the Group' s share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group from the date on which significant influence commences until the date on which significant influence ceases. When an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes of the Group' s shareholding percentage in the associate, the Group recognizes equity changes attributable to the Group by its shareholding percentage as capital surplus.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated party's interests in the associate.

(Continued)

When the Group's share of losses of an associate equal or exceed its interest in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful lives, and residual value which are the same as those adopted for property, plant, and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant, and equipment are measured at cost, which includes capitalized borrowing cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(Continued)

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant, and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant, and equipment are as follows:

1) Buildings and improvements: 50 years

2) Office and other equipment: 2 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(m) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

(Continued)

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments or penalties for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the assessment of whether it will have the option to exercise a purchase; or

— there is a change in its assessment of whether it will exercise an extension or termination option; or

— there is any lease modification in lease subject, scope of the lease, or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Group has elected not to recognize right of use assets and lease liabilities for short term leases of office equipment of low value assets, The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

(ii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

For operating lease, the Group recognizes rental income on a straight-line basis over the lease term.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of “other income”.

(n) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(Continued)

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

1) Trademarks and patents: 10years

2) Customer relationships and other: 3 to 10 years

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(o) Impairment of non-derivative financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset' s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(Continued)

(p) Revenue from contracts with customers

Revenue is measured basing on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The following is a description of the Group's major revenues:

(i) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional. Advance sales receipts are recognized as contract liabilities and are transferred to revenue upon the delivery of goods.

(ii) Services

The Group provides installation and maintenance services on hardware and software. The recognition of the revenue generated was based on the progress towards completing the transaction recognized by the two parties as of the reporting date.

The Group provides services, such as information system management, design, introduction, application customization, consulting and so forth to customers. The customer simultaneously receives and consumes the benefits provided by the Group' s performance as the Group performs. Revenue from providing services is recognized when services are rendered.

(iii) Market research and survey services

The Group provides services, such as market research and opinion survey. Revenue was recognized when the progress towards complete satisfaction of performance obligations.

Estimates of revenues, costs, or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

(Continued)

(iv) License

The licensing revenue of the Group is recognized over time within a fixed license period. If the customers' payments exceed the recognized revenue, a contract liability is recognized.

(v) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

The Group's net obligation in respect of the defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service cost or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

(iii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(r) Income taxes

Income taxes include both current taxes and deferred taxes. Except for expenses related to business combinations, or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reduction are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted on the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(Continued)

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(s) Business combination

The Group accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Group recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs incurred are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any non-controlling equity interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire' s net assets in the event of liquidation. Other components of non-controlling interest are measured at their acquisition date fair values, unless another measurement basis is required by IFRSs endorsed by FSC.

The Group recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Group recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Group obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Group accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss.

(Continued)

(t) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders. The calculation of basic earnings per share is basic on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is basic on the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise accrued employee remuneration.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). The operating results of all operating segments are regularly reviewed by The Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment has its financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing the consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimations.

Management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates are recognized during the period and the impact of those changes in accounting estimates are recognized in the following period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

Judgment of whether the Group has substantive control over its investees

(a) The Group holds 34.09% of the voting shares and is the sole largest shareholder of ADVANCEDTEK INTERNATIONAL. In January 2021, the Group obtained letters of support signed by original shareholders representing 20.36% of the company's shareholding, promising and supporting the Group to direct the company's significant operating activities and obtain more than half of the total number of directors of the Board. After evaluation, the Group has substantive control over ADVANCEDTEK INTERNATIONAL and indirectly control over its subsidiary, APEO Human Capital. Therefore, ADVANCEDTEK INTERNATIONAL and its subsidiary have been included in the Group's consolidated financial statements.

(b) The Group holds 35.01% of the voting shares and is the sole largest shareholder of STATINC. Although the Group did not own more than half of the voting rights of the company, the Group owns more than half of their total number of directors of the Board; therefore, it is determined that the Group has substantive control over the entity. Hence, the company has been included in the Group's consolidated financial statements.

(Continued)

(c) As the single largest shareholder, the Group holds 20.96% of the voting shares of GRANDSYS INC. (“GRANDSYS”). Although the remaining 79.04% shares of GRANDSYS are not concentrated in specific shareholders, the Group still cannot obtain neither more than half the Board of directors of GRANDSYS, nor more than half of the voting rights in the shareholders’ meeting. Therefore, it is determined that the Group would have a significant impact on GRANDSYS.

(d) As the single largest shareholder, the Group holds 38.01% of the voting shares of UNISAGE DIGITAL CO., LTD. (“UNISAGE”). Although the remaining 61.99% shares of UNISAGE are not concentrated in specific shareholders, the Group still cannot obtain neither more than half of the Board of directors of UNISAGE, nor more than half of the voting rights in the shareholders’ meeting. Therefore, it is determined that the Group would have a significant impact on UNISAGE. In October 2022, UNISAGE completed the process of liquidation. Therefore, it is determined that the Group has no a significant impact on UNISAGE.

(e) As the single largest shareholder, the Group holds 19.53% of the voting shares of DYNASAFE TECHNOLOGIES, INC. (“ DYNASAFE”). Although the remaining 80.47% shares of DYNASAFE are concentrated within specific shareholders, the Group still cannot obtain more than half of the Board of directors of DYNASAFE. Therefore, it is determined that the Group would not have a significant impact on DYNASAFE.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for normal loss, obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for the valuation of inventories.

(b) Impairment of goodwill

The assessment of impairment of goodwill requires the Group to make subjective judgments to identify CGU, allocate the goodwill to relevant CGU, and estimate the recoverable amount of relevant CGU. Any changes in these estimates base on changed economic conditions or business strategies could result in significant adjustments.

Valuation process

The Group’s accounting policies and disclosure include measuring financial and non financial assets and liabilities at fair value through profit or loss. The Group’s financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

(Continued)

The Group strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

· Level 1:quoted prices (unadjusted) in active markets for identified assets or liabilities.

· Level 2: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).

· Level 3:input for the asset or liability is not based on the observable market information.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2022	December 31, 2021
Cash on hand and petty cash	$	566	442
Check and demand deposits		727,713	619,762
Time deposits		55,794	53,707
	$	**784,073**	**673,911**

(b) Financial assets and liabilities at fair value through profit or loss

(i) Details are set out in the following table:

		December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:			
Current:			
Pre-purchased forward exchange contracts	$	623	243
Non-current:			
Foreign and domestic unlisted stocks		280,153	240,694
Foreign and domestic unlisted equities		230,691	97,602
Total	$	**511,467**	**338,539**

(Continued)

		December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss:			
Current:			
Pre-purchased forward exchange contracts	$	(13,930)	(2,286)
Contingent considerations arising from business combinations		-	(5,236)
Non-current:			
Contingent considerations arising from business combinations		(63,144)	(97,986)
Total	$	**(77,074)**	**(105,508)**

The above contingent considerations arising from business combinations were generated from the merger of COREX, the Partner Tech' s sale and purchase agreement and the related accessory contracts from the prior year, and the merger of STATINC. Under the contingent consideration arrangement, the contingent consideration was estimated by the discounted cash flow method based on the future profitability of each subsidiary.

(ii) Derivative financial instruments are used to hedge assets or liabilities denominated in foreign currencies for risks arising from exchange rate fluctuations. The following table sets out the Group' s derivatives recognized as held-for-trading financial assets and liabilities to which hedging accounting was not applicable:

	December 31, 2022		
Financial instruments	**Nominal amounts**	**Maturity period**	**Pre-agreed exchange rate**
Pre-purchased forward exchange contracts			
Buy USD/Sell NTD	USD 33,350 thousand	2023.01.01~2023.04.19	30.224~32.045
Buy USD/Sell ZAR	USD 845 thousand	2023.01.04~2023.01.27	17.100~17.268

(Continued)

	December 31, 2021		
Financial instruments	**Nominal amounts**	**Maturity period**	**Pre-agreed exchange rate**
Pre-purchased forward exchange contracts			
Buy USD/Sell NTD	USD 14,240 thousand	2022.01.01~ 2022.03.01	27.692~27.895
Buy USD/Sell ZAR	USD 1,850 thousand	2022.01.20~ 2022.01.31	15.951~15.966
Buy NTD/Sell RMB	RMB 1,000 thousand	2022.03.31~ 2022.04.15	4.296

(c) Notes and accounts receivable (including long-term and related parties)

	December 31, 2022	December 31, 2021
Notes receivable (including long-term)	$ 134,624	299,082
Accounts receivable (including long-term)	2,589,261	2,500,740
Accounts receivable due from related parties (including long-term)	90,015	147,913
Less: loss allowance	(26,430)	(27,844)
Total	**$ 2,787,470**	**2,919,891**
Current	$ 2,726,648	2,819,854
Non-current	60,822	100,037
Total	**$ 2,787,470**	**2,919,891**

(i) The Group did not discount or provide any of the notes and accounts receivable (including long-term and related parties) as collateral. The above-mentioned notes and accounts receivable, whose maturity period were less than one year, were not discounted and their carrying amounts were presumed to approximate their fair value.

(ii) Non-current notes and accounts receivable mainly arose from installment sales.

(Continued)

(iii) The Group applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivables (including long-term and related parties). To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer’ s ability to pay all the amounts due based on the terms of the contract as well as incorporated forward-looking information. The analysis of ECL on notes and accounts receivable was as follows:

	December 31, 2022		
	Gross carry amount of notes and accounts receivable	**Weighted-average loss rate**	**Loss allowance for lifetime expected credit losses**
Current	$ 2,699,590	0.07%	1,884
1 to 30 days past due	51,837	3.34%	1,730
31 to 60 days past due	25,219	10.71%	2,701
61 to 90 days past due	2,425	24.29%	589
91 to 120 days past due	2,098	34.46%	723
More than 121 days past due	32,731	57.45%	18,803
	$ 2,813,900		**26,430**

	December 31, 2021		
	Gross carry amount of notes and accounts receivable	**Weighted-average loss rate**	**Loss allowance for lifetime expected credit losses**
Current	$ 2,821,332	0.11%	3,229
1 to 30 days past due	60,642	1.88%	1,141
31 to 60 days past due	19,679	9.36%	1,842
61 to 90 days past due	2,516	15.82%	398
91 to 120 days past due	2,889	49.84%	1,440
More than 121 days past due	40,677	48.66%	19,794
	$ 2,947,735		**27,844**

(Continued)

(iv) The movements in the loss allowance for notes and accounts receivable (including long-term and related parties) were as follows:

	For the years ended December 31	
	2022	**2021**
Beginning balance	$ 27,844	47,333
Acquisition	-	162
Impairment losses (reversal of impairment loss)	49	(13,378)
Write-offs of uncollectible amount for the period	(18)	-
Transferred to other receivables	(194)	(5,815)
Effects of exchange rate changes	(1,251)	(458)
Ending balance	**$ 26,430**	**27,844**

(d) Other receivables

	December 31, 2022	**December 31, 2021**
Other receivables	$ 2,656	21,466
Less: loss allowance	(1,563)	(19,641)
	$ 1,093	**1,825**

(i) As of December 31, 2022 and 2021, there was no other receivables that was past due but not impaired.

(ii) The movements in the loss allowance for other receivables were as follows:

	For the years ended December 31	
	2022	**2021**
Beginning balance	$ 19,641	16,927
Write-offs of uncollectible amount for the period	(18,272)	(3,101)
Transferred from accounts receivable	194	5,815
Ending balance	**$ 1,563**	**19,641**

(e) Inventories

	December 31, 2022	**December 31, 2021**
Merchandise inventory	**$ 3,429,498**	**2,858,682**

For the years ended December 31, 2022 and 2021, due to the write-down of inventories to net realizable value, a reversal gain of $35,217 thousand and a loss of $1,098 thousand on the decline in value of inventories, respectively, were recognized and reported as operating costs.

(Continued)

For the years ended December 31, 2022 and 2021, loss on scrap of inventories amounted to $43,161 thousand and $0 thousand, respectively.

(f) Investments accounted for using equity method

Investments accounted for using the equity method were as follows:

	December 31, 2022	December 31, 2021
Associates	$ 115,854	110,312

(i) As of February 1, 2021, the Group acquired 500 thousand shares of Everlasting Digital ESG Co., Ltd. (29.41% of ownership) by $5,000 thousand of cash. The price had been fully paid up.

(ii) The Group's shareholding in ADVANCEDTEK INTERNATIONAL is 34.09%. In January 2021, the Group obtained letters of support signed by original shareholders representing 20.36% of the company’ s shareholding, promising and supporting the Group to direct the company’ s significant operating activities and obtain more than half of the total number of directors of the Board. After evaluation, the Group has substantive control over ADVANCEDTEK INTERNATIONAL. Therefore, it has been included in the Group’ s consolidated financial statements; ,and the Group obtained more than half of the total number of directors of the Board in May 2021; please refer to Note 6(g) for details.

(iii) In December 2021, GRANDSYS issued 1,913 thousand shares to be exercised as employee stock options, resulting in the Group’s shareholding in GRANDSYS to decrease from 23.58% to 21.84%, and the Group’s capital surplus to increase by $158 thousand due to the change in equity. In February and April 2022, GRANDSYS issued 925 thousand and 162 thousand new shares, respectively, to be exercised as employee stock options. Resulting the Group’ s shareholding in GRANDSYS to decrease from 21.84% to 20.96%, and the Group’ s capital surplus to increase by $73 thousand due to the change in equity.

(iv) Aggregate financial information of associates for using equity method that were not individually material was summarized as follows. The financial information was included in the Group’s consolidated financial statements.

	For the years ended December 31	
	2022	2021
Attributable to the Group:		
Profit	$ 6,185	3,839
Other comprehensive income	(136)	349
Total comprehensive income	$ 6,049	4,188

(v) As of December 31, 2022 and 2021, none of the investments accounted for using the equity method was pledged as collateral, or otherwise subject to any restriction.

(Continued)

(g) Business combinations

(i) Acquisition of the subsidiary-Metaguru

1) Acquisition of consideration transferred of the subsidiary

On December 1, 2022, the Group acquired 100% ownership of Metaguru amounting $31,000 thousand from GSH, and obtained control over Metaguru. Therefore, Metaguru has been included in the Group's consolidated financial statement from December 1, 2022. Metaguru is primarily engaged in providing software services and electronic information supply services. The Group acquired Metaguru to expend new customers through Metaguru's channel, and provide customers with more complete information system software, hardware and cloud product integration services.

2) Identifiable net assets acquired

The following table summarized the carrying amount of Metaguru's identifiable assets acquired and liabilities assumed recognized at December 1, 2022:

Consideration transferred:				
Cash			$	31,000
Carrying amounts of identifiable assets and liabilities acquired:				
Cash and cash equivalents	$	25,325		
Notes and accounts receivable (including related parties)		8,438		
Prepayments		7		
Other current assets		388		
Other non-current assets		5,875		
Contract liabilities		(7,011)		
Notes and accounts payable		(2,839)		
Other payables		(2,057)		
Other current liabilities		(425)		27,701
Capital surplus			**$**	**3,299**

The combination is an organizational reorganization under common control. Accordingly, the difference between the consideration paid and the carrying amount of the net identifiable assets of Metaguru is debited to the capital surplus of $3,299 thousand.

(Continued)

(ii) Acquisition of the subsidiary-COREX

1) Acquisition of consideration transferred of the subsidiary

On January 4, 2021, the Group acquired 100% ownership of COREX amounting $140,000 thousand from Partner Tech, and obtained control over COREX. Therefore, COREX has been included in the Group's consolidated financial statement from January 4, 2021. COREX is primarily engaged in the sale of computer peripherals. The Group acquired COREX for its business and customers and expend its marketing channel in Africa.

In addition, the equity sale and purchase agreement and the Partner Tech's sale and purchase agreement, as well as the related accessory contracts from the prior year, were as follows:

a) The sales unit of COREX, POS, merged with COREX due to business restructuring in February 2019. If the company makes a profit between June 1, 2018, and December 31, 2022, the amount paid to sellers of POS shall be calculated based on profit after tax for each year multiplied by 54% and exchanged at the fixed rate of ZAR to NTD of 2.1108 in accordance with the agreement.

b) If the company makes a profit between November 1, 2018 and December 31, 2023, the amount paid to sellers shall be calculated based on profit before tax for each year multiplied by 50% and exchanged at the fixed rate of ZAR to NTD of 2.1108 in accordance with the agreement. The limitation of accumulated profit before income tax during the period amounted to ZAR 240,000 thousand. If the accumulated profit before income tax does not reach the limited amount of ZAR 240,000 thousand, the Group shall decide whether to extend the period to December 31, 2025. The above-mentioned profit before income tax of each year is not included profit before tax from POS sales unit.

Under the contingent consideration arrangement, the Group estimated the contingent consideration based on discounted cash flow method. As of acquisition date, the future potential amount of the contingent payment that the Group has to pay amounted to $81,231 thousand, which is recorded as current and non-current financial liabilities at fair value through profit or loss.

The above agreement was revised in December 2021 as follows:

If the company makes a profit between May 31, 2018 and December 31, 2023, the amount paid in ZAR to sellers each year shall be calculated based on profit before tax for offsetting the accumulated losses from prior years, multiplied by 50% in accordance with the agreement. The limitation of accumulated profit before income tax during the period amounted to ZAR 240,000 thousand. If the accumulated profit before income tax does not reach the limited amount of ZAR 240,000 thousand, both companies will extend the period to December 31, 2025.

(Continued)

2) Identifiable net assets acquired

The following table summarized the carrying amount of COREX's identifiable assets acquired and liabilities assumed recognized at January 4, 2021:

Consideration transferred:		
Cash		$ 140,000
Fair value of contingent considerations transferred		81,231
Carrying amounts of identifiable assets and liabilities acquired:		
Cash and cash equivalents	$ 30,976	
Current financial assets at fair value through profit or loss	101	
Notes and accounts receivable (including related parties)	74,041	
Inventories	106,499	
Prepayments	34,255	
Other current assets	17,741	
Property, plant and equipment	4,027	
Right-of-use assets	16,629	
Intangible assets	117,304	
Other non-current assets	15,004	
Short-term borrowings	(84,759)	
Contract liabilities	(4,323)	
Notes and accounts payable	(22,376)	
Other payables	(117,837)	
Current lease liabilities	(8,462)	
Other current liabilities	(2,584)	
Non-current lease liabilities	(11,384)	
Other non-current liabilities	(1,252)	163,600
Capital surplus		**$ 57,631**

The combination is an organizational reorganization under common control. Accordingly, the difference between the consideration paid and the carrying amount of the net identifiable assets of COREX is debited to the capital surplus of $57,631 thousand.

(Continued)

(iii) Acquisition of the subsidiary-STATINC

1) Acquisition of consideration transferred of the subsidiary

On February 4, 2021, the Group obtained 251 thousand ordinary shares from original shareholders from STATINC for $10,013 thousand. Furthermore, the Group subscribed 1,504 thousand preferred shares of STATINC for $60,010 thousand and obtained 35.01% of voting shares. The Group became the largest shareholder and had more than half directors of the Board; therefore, the Group has control over the company, and STATINC has been included in the Group's consolidated financial statement from the acquisition date. STATINC is primarily provide services for enterprises such as market research, marketing consulting, and cloud database of Big data. The Group acquired STATINC for improving the software and hardware business of the Group and increase the enterprise's value in finance and medical services.

In addition, according to the equity investment agreement, the former preferred stocks shall not be allowed to participate in the distribution of surplus in the three years preceding their holding and shall be forcibly converted into ordinary shares in proportion to one share after three years of holding. Under the contingent consideration arrangement, the Group estimated the contingent consideration based on discounted cash flow method and the shareholding ratio of 35.01%. As of acquisition date, the future potential amount of the contingent payment that the Group has to pay amounted to $23,298 thousand, which is recorded as current and non-current financial liabilities at fair value through profit or loss.

2) Identifiable net assets acquired

The following table summarized the fair value of STATINC’ s identifiable assets acquired and liabilities assumed recognized at February 4, 2021:

Consideration transferred:				
Cash			$	70,023
Non-controlling interests				81,123
Fair value of contingent considerations transferred				23,298
Fair value of identifiable assets and liabilities assumed:				
Cash and cash equivalents	$	86,330		
Current contract assets		13,972		
Notes and accounts receivable, net		9,717		
Prepayments		2,199		
Other current assets		322		
Property, plant and equipment		1,056		
Right-of-use assets		1,675		
Intangible assets		35,216		
Deferred income tax assets		1,849		
Other non-current assets		7,747		
Short-term borrowings		(6,000)		
Notes and accounts payable		(2,669)		
Other payables		(12,574)		
Current lease liabilities		(1,706)		
Other current liabilities		(5,275)		
Other non-current liabilities		(1,402)		130,457
Goodwill			**$**	**43,987**

3) Intangible assets

Intangible assets are customer relationships, trademarks, patents and others. These are amortized on a straight-line basis over the estimated future economic useful life of 5.9 years, 10 years, 10 years, and 10 years, respectively.

Goodwill arising from the acquisition of STATINC is due to the control premium, the synergies of the combination, future market development and value of workforce, neither of which qualifies as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

(Continued)

(iv) Acquisition of the subsidiary-ADVANCEDTEK INTERNATIONAL and its subsidiaries

1) Acquisition of the subsidiary

The Group holds 34.09% of the voting shares and is the largest shareholder of ADVANCEDTEK INTERNATIONAL. In January 2021, the Group obtained letters of support signed by original shareholders representing 20.36% of the company's shareholding, promising and supporting the Group to direct the company's significant operating activities and obtain more than half of the total number of directors of the Board. The Group had control over ADVANCEDTEK INTERNATIONAL and its subsidiaries; therefore, they had been included in the Group's consolidated financial statements. In May 2021, the Group obtained more than half of the total number of directors of the Board. ADVANCEDTEK INTERNATIONAL mainly provides integrated service for domestic ERP systems and related consulting services of Oracle. The main activities included the sale consulting services of ERP and related systems. The Group expends its information-related consultancy service for strategic investment.

2) Identifiable net assets acquired

The following table summarized the fair value of ADVANCEDTEK INTERNATIONAL's identifiable assets acquired and liabilities assumed recognized at January 4, 2021:

Consideration transferred:		
Fair value of pre-existing interest in the acquiree		$ 32,120
Non-controlling interests		38,578
Fair value of identifiable assets and liabilities assumed:		
Cash and cash equivalents	$ 44,124	
Notes and accounts receivable, net	46,556	
Prepayments	11,155	
Other current assets	691	
Property, plant and equipment	630	
Right-of-use assets	21,185	
Intangible assets	44	
Other non-current assets	11,985	
Contract liability	(35,974)	
Notes and accounts payable	(9,434)	
Other payables	(11,088)	
Current lease liabilities	(5,423)	
Non-current lease liabilities	(15,884)	58,567
Goodwill		**$ 12,131**

(Continued)

3) Intangible assets

Goodwill arising from its profitability, future market development and value of workforce, neither of which qualifies as an identifiable intangible asset. None of the goodwill recognized is expected to be deductible for income tax purposes.

(h) Changes in ownership interest in a subsidiary

On March 2, 2021, the Group subscribed 4,000 thousand shares of EPIC CLOUD for $40,000 thousand. On March 29, 2021, the Group paid $500 thousand for 50 thousand shares from the original shareholders. Therefore, the Group' s shareholding ratio increased to 100%, and capital surplus decreased by $440 thousand due to changes in equity.

(i) Loss control of subsidiaries

(i) Disposal of subsidiary-NEO TREND TECH

On February 26, 2021, the Group sold all shares of its subsidiary, NEO TREND TECH, approved by the Chairman. The contract of purchase and sale of shares had been signed, and disposal-related matters had been completed. Therefore, the Group had lost control over the company. The disposal price was $50,000 thousand, and the gain amounting to $20,696 thousand was recorded as other gains and losses.

1) Consideration received

Total consideration received	$	50,000
Expenditure associated with consideration received		(150)
Net consideration received	**$**	**49,850**

(Continued)

2) Identifiable net assets acquired of NEO TREND TECH

Cash and cash equivalents	$	3,604
Current financial assets at fair value through profit or loss		23,017
Notes and accounts receivable, net		29
Inventories		50
Other current assets		1,221
Right-of-use assets		20,809
Other non-current assets		1,837
Notes and accounts payable		(108)
Accrued expenses		(3,860)
Current lease liabilities		(4,065)
Non-current lease liabilities		(13,380)
	$	**29,154**

(ii) Disposal of the subsidiary-DAWNING TECHNOLOGY

On November 5, 2020, the Company, pursuant to a resolution of the Board, approved a change in the shareholding in its subsidiary, DAWNING TECHNOLOGY. On January 4, 2021, the Company entered into an agreement and completed the sale of the shares; therefore, losing control over DAWNING TECHNOLOGY. The disposal price was $266,595 thousand, and the gain amounting to $84,232 thousand was recorded as other gains and losses; the details are as follows:

1) Consideration received

Total consideration received	$	266,595
Expenditure associated with consideration received		(800)
Net consideration received	**$**	**265,795**

(Continued)

2) Identifiable net assets of DAWNING TECHNOLOGY

Non-current assets held for sale		
Cash and cash equivalents	$	107,704
Inventories		177,319
Notes and accounts receivable, net		423,595
Prepayments		1,546
Other current assets		5,773
Property, plant and equipment		9,315
Right-of-use assets		33,630
Deferred income tax assets		8,683
Other non-current assets		3,044
Liabilities directly associated with non-current assets held for sale		
Short-term borrowings		(43,022)
Current financial liabilities at fair value through profit or loss		(330)
Contract liabilities		(3,050)
Notes and accounts payable		(230,008)
Other payables		(51,564)
Current and non-current lease liabilities		(22,609)
Advance receipts		(6,907)
Other current liabilities		(582)
Other non-current liabilities		(135)
		412,402
Non-controlling interests		(227,162)
Receivables between the Group		(3,677)
	$	**181,563**

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(j) Property, plant and equipment

Information about the movement of costs and accumulated depreciation of property, plant and equipment was presented below:

	Land	Building and improvements	Office and other equipment	Total
Cost:				
Balance on January 1, 2022	$ 587,346	374,891	192,718	1,154,955
Additions	-	-	8,728	8,728
Disposal	-	-	(28,076)	(28,076)
Transferred from inventories	-	-	11,667	11,667
Effects of exchange rate changes	-	-	1,183	1,183
Balance on December 31, 2022	**$ 587,346**	**374,891**	**186,220**	**1,148,457**
Balance on January 1, 2021	$ 589,896	375,930	210,964	1,176,790
Acquisition through business combination	-	-	19,133	19,133
Additions	-	-	7,534	7,534
Disposal	(2,550)	(1,039)	(57,567)	(61,156)
Transferred from inventories	-	-	15,712	15,712
Effects of exchange rate changes	-	-	(3,058)	(3,058)
Balance on December 31, 2021	**$ 587,346**	**374,891**	**192,718**	**1,154,955**
Accumulated depreciation:				
Balance on January 1, 2022	$ -	77,617	133,874	211,491
Acquisition through business combination	-	-	-	-
Depreciation	-	7,435	30,124	37,559
Disposal	-	-	(28,076)	(28,076)
Effects of exchange rate changes	-	-	1,050	1,050
Balance on December 31, 2022	**$ -**	**85,052**	**136,972**	**222,024**

(Continued)

		Land	Building and improvements	Office and other equipment	Total
Balance on January 1, 2021	$	-	70,384	147,876	218,260
Acquisition through business combination		-	-	17,447	17,447
Depreciation		-	7,450	28,304	35,754
Disposal		-	(217)	(56,996)	(57,213)
Effects of exchange rate changes		-	-	(2,757)	(2,757)
Balance on December 31, 2021	$	**-**	**77,617**	**133,874**	**211,491**
Carrying amount:					
December 31, 2022	$	**587,346**	**289,839**	**49,248**	**926,433**
December 31, 2021	$	**587,346**	**297,274**	**58,844**	**943,464**
January 1, 2021	$	**589,896**	**305,546**	**63,088**	**958,530**

(i) In September 2021, the Group disposed its real estate of Kaohsiung Shi Zheng Zong Cai Building (including investment property) at the amount of $27,488 thousand (tax excluded), which had been fully received, based on a resolution approved during the board meeting, resulting in a gain on disposal of $10,123 thousand (including the deduction from necessary expenses amounting to $1,082 thousand) to be recognized as gains on disposal of investment property and property, plant and equipment.

(ii) The Group identified its property, plant, and equipment from the acquisition of ADVANCEDTEK INTERNATIONAL and STATINC, respectively, in January and February 2021. Please refer to Note 6(g) for details.

(iii) As of December 31, 2022 and 2021, property, plant, and equipment were pledged as collateral for short-term and long-term borrowings, please refer to Note 8.

(k) Right-of-use assets

Information about the movement of costs and accumulated depreciation of leases for which the Group as a lessee was presented below:

		Buildings	Others	Total
Cost:				
Balance on January 1, 2022	$	293,172	6,167	299,339
Additions		24,844	3,433	28,277
Decrease		(1,399)	(3,245)	(4,644)
Effects of exchange rate changes		1,463	444	1,907
Balance on December 31, 2022	$	**318,080**	**6,799**	**324,879**

(Continued)

		Buildings	Others	Total
Balance on January 1, 2021	$	282,279	5,475	287,754
Acquisition		34,920	-	34,920
Additions		34,109	1,461	35,570
Derecognized of the subsidiary		(24,416)	-	(24,416)
Decrease		(30,178)	(61)	(30,239)
Effects of exchange rate changes		(3,542)	(708)	(4,250)
Balance on December 31, 2021	**$**	**293,172**	**6,167**	**299,339**
Accumulated depreciation:				
Balance on January 1, 2022	$	107,001	3,631	110,632
Depreciation		46,032	1,483	47,515
Decrease		(746)	(3,245)	(3,991)
Effects of exchange rate changes		787	229	1,016
Balance on December 31, 2022	**$**	**153,074**	**2,098**	**155,172**
Balance on January 1, 2021	$	83,023	2,390	85,413
Acquisition		12,060	-	12,060
Depreciation		41,498	1,699	43,197
Derecognized of the subsidiary		(3,607)	-	(3,607)
Decrease		(23,699)	(61)	(23,760)
Effects of exchange rate changes		(2,274)	(397)	(2,671)
Balance on December 31, 2021	**$**	**107,001**	**3,631**	**110,632**
Carrying amount:				
December 31, 2022	**$**	**165,006**	**4,701**	**169,707**
December 31, 2021	**$**	**186,171**	**2,536**	**188,707**
January 1, 2021	**$**	**199,256**	**3,085**	**202,341**

(i) The Group identified its right-of-use assets from the acquisition of ADVANCEDTEK INTERNATIONAL and STATINC, respectively, in January and February, 2021. Please refer to Note 6(g) for details.

(ii) The Group derecognized right-of-use assets because of losing control over NEO TREND TECH in February 2021. Please refer to Note 6(i) for details.

(Continued)

(l) Investment property

		Land	Buildings	Total
Cost:				
Balance on January 1, 2022 (Balance on December 31, 2022)	$	-	-	-
Balance on January 1, 2021	$	9,763	3,976	13,739
Disposal		(9,763)	(3,976)	(13,739)
Balance on December 31, 2021	$	-	-	-
Accumulated depreciation:				
Balance on January 1, 2022 (Balance on December 31, 2022)	$	-	-	-
Balance on January 1, 2021	$	-	769	769
Depreciation		-	59	59
Disposal		-	(828)	(828)
Balance on December 31, 2021	$	-	-	-
Carrying amount:				
December 31, 2022	$	-	-	-
December 31, 2021	$	-	-	-
January 1, 2021	$	**9,763**	**3,207**	**12,970**
Fair value:				
December 31, 2022				$ -
December 31, 2021				$ -

In September 2021, the Group disposed its real estate of Kaohsiung Shi Zheng Zong Cai Building (including investment property) based on the resolution approved during the board meeting; please refer to Note 6(j) for details.

(Continued)

(m) Intangible assets

Information about the costs and accumulated impairment losses and amortization of intangible asset was presented below:

		Goodwill	Patents and trademarks	Customer relationships	Others	Total
Cost:						
Balance on January 1, 2022	$	160,041	5,490	7,959	31,458	204,948
Additions		-	-	-	4	4
Disposal		-	-	-	(3,203)	(3,203)
Effects of exchange rate changes		4,464	-	275	-	4,739
Balance on December 31, 2022	$	**164,505**	**5,490**	**8,234**	**28,259**	**206,488**
Balance on January 1, 2021	$	115,515	-	6,856	3,203	125,574
Additions		-	-	-	106	106
Acquisition		56,118	5,521	1,827	28,149	91,615
Disposal		-	(31)	-	-	(31)
Effects of exchange rate changes		(11,592)	-	(724)	-	(12,316)
Balance on December 31, 2021	$	**160,041**	**5,490**	**7,959**	**31,458**	**204,948**
Accumulated impairment loss and amortization:						
Balance on January 1, 2022	$	1,966	478	4,195	6,066	12,705
Amortization		-	552	1,821	2,863	5,236
Disposal		-	-	-	(3,203)	(3,203)
Effects of exchange rate changes		-	-	(148)	-	(148)
Balance on December 31, 2022	$	**1,966**	**1,030**	**5,868**	**5,726**	**14,590**
Balance on January 1, 2021	$	1,966	-	3,101	3,203	8,270
Acquisition		-	3	-	234	237
Amortization		-	506	1,795	2,629	4,930
Disposal		-	(31)	-	-	(31)
Effects of exchange rate changes		-	-	(701)	-	(701)
Balance on December 31, 2021	$	**1,966**	**478**	**4,195**	**6,066**	**12,705**
Carrying amount:						
December 31, 2022	$	**162,539**	**4,460**	**2,366**	**22,533**	**191,898**
December 31, 2021	$	**158,075**	**5,012**	**3,764**	**25,392**	**192,243**
January 1, 2021	$	**113,549**	**-**	**3,755**	**-**	**117,304**

(Continued)

(i) Impairment test on goodwill

The Group evaluated the recoverable amounts of its goodwill, which is based on its value-in-use, for impairment testing at the reporting date. The calculation of value in use is based on the cash flows of the financial forecast for the next three to four years as estimated by the management based on the future operation plan, and is calculated using the annual discount rates of 8.81% to 18.35% and 8.19% to 14.75% on December 31, 2022 and 2021, respectively, to reflect the specific risks of the related CGU.

(ii) The Group identified its intangible assets from the acquisition of ADVANCEDTEK INTERNATIONAL and STATINC, respectively, in January and February, 2021. Please refer to Note 6(g) for details.

(iii) As of December 31, 2022 and 2021, none of the intangible assets was pledged as collateral.

(n) Short-term borrowings

(i) The details of the Group's short-term borrowings were as follows:

	December 31, 2022	December 31, 2021
Unsecured bank loans	$ 1,291,601	1,045,658
Secured bank loans	-	100,000
	$ 1,291,601	**1,145,658**
Range of interest rates at the end of period	**1.50%~9.70%**	**0.80%~6.45%**

(ii) For the collateral for bank loans, please refer to Note 8.

(o) Short-term notes and bills payable

(i) As of December 31, 2021, there were no short-term notes and bills payable. As of December 31, 2022, the short-term notes and bills payable were summarized as follows:

	December 31, 2022			
	Guarantee or acceptance institution	**Contract period**	**Range of interest rates (%)**	**Amount**
Commercial papers payable	DAH CHUNG BILLS FINANCE CORP.	2022.12~ 2023.02	1.79%	$ 200,000
Less: Discount on short-term notes and bills payable				(381)
Total				**$ 199,619**

(ii) The Group has not pledged any assets as collateral to guarantee the payment of short-term notes and bills payable.

(Continued)

(p) Long-term borrowings

(i) The details of the Group's long-term borrowings were as follows:

	December 31, 2022			
	Currency	**Range of interest rates**	**Maturity period**	**Amount**
Secured bank loans	NTD	1.60%~1.83%	2023.01~2039.03	$ 276,881
Less: current portion				(16,627)
Total				**$ 260,254**
Unused credit lines				**$ -**

	December 31, 2021			
	Currency	**Range of interest rates**	**Maturity period**	**Amount**
Secured bank loans	NTD	1.10%~1.21%	2022.01~2039.03	$ 293,623
Less: current portion				(17,037)
Total				**$ 276,586**
Unused credit lines				**$ -**

(ii) For the collateral for bank loans, please refer to Note 8.

(q) Lease liabilities

(i) The carrying amounts of the Group's lease liabilities were as follows:

	December 31, 2022	**December 31, 2021**
Current	$ 43,564	42,065
Non-current	131,241	152,384
	$ 174,805	**194,449**

(ii) The amounts recognized in profit or loss were as follows:

	For the years ended December 31	
	2022	**2021**
Interest on lease liabilities	**$ 3,221**	**3,590**
Income from sub-leasing right-of-use assets	**$ 1,139**	**1,819**
Gains on lease modifications	**$ 65**	**-**

(Continued)

(iii) The amounts recognized in the statements of cash flows of the Group were as follows:

	For the years ended December 31	
	2022	**2021**
Interest payments for lease liabilities in operating activities	$ (3,221)	(3,590)
Payments of lease liabilities in financing activities	(48,207)	(42,511)
Total cash outflow for leases	**$ (51,428)**	**(46,101)**

(iv) Real estate leases

The Group leases buildings for its office and warehouse space. The leases typically run for 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(v) For the Group's leased right-of-use assets under operating leases, please refer to Note 6(r).

(r) Operating leases

The Group leases out its right-of-use assets and investment property. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Notes 6(k) and (l).

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	December 31, 2022	**December 31, 2021**
Less than one year	$ 1,139	4,730
1 to 2 years	1,159	1,139
2 to 3 years	1,174	1,159
3 to 4 years	1,174	1,174
4 to 5 years	1,174	1,174
More than 5 years	391	1,565
	$ 6,211	**10,941**

(Continued)

(s) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

		December 31, 2022	December 31, 2021
Present value of the defined benefit obligations	$	(10,316)	(10,236)
Fair value of plan assets		14,336	13,275
Net defined benefit liabilities	**$**	**4,020**	**3,039**

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan. Under the Labor Standards Act, each employee’s retirement payment is calculated based on years of service and the average salary for the six months prior to retirement.

For the years ended December 31, 2022 and 2021, the Group recognized the pension expense of $0 thousand for the defined benefit plans, and the return on plan assets (liability) recognize as other comprehensive income amounted to $962 thousand and $(1,268) thousand, respectively.

(ii) Defined contribution plans

The Group allocates 6% of each employee’ s monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group’ s pension costs under the defined contribution method amounted to $29,773 thousand and $25,636 thousand for the years ended December 31, 2022 and 2021, respectively. Payment to the Bureau of Labor Insurance has been made.

(t) Income taxes

(i) Income tax expenses:

Income tax expenses are summarized as follows:

		For the years ended December 31 2022	2021
Current income tax expenses	$	86,568	108,058
Deferred income tax expenses		15,478	742
Income tax expenses	**$**	**102,046**	**108,800**

(Continued)

(ii) The Group had no income taxes recognized directly in equity and other comprehensive income.

(iii) Reconciliation of income tax expenses and profit before income tax was as follows:

	For the years ended December 31	
	2022	**2021**
Profit before income tax	$ 532,794	713,924
Income tax using the Company's domestic tax rate	106,559	142,785
Undistributed earnings additional tax	1,605	2,137
Non-deductible expenses	19,521	11,892
Tax-exempt income	(2,734)	(23,380)
Gains on valuation of financial assets	(14,872)	(15,626)
Income basic taxs	-	1,117
Others	(8,033)	(10,125)
Income tax expense	**$ 102,046**	**108,800**

(iv) Deferred income tax assets and liabilities

1) The Group had no unrecognized deferred income tax liabilities, and the unrecognized deferred income tax assets were as follows:

	December 31, 2022	**December 31, 2021**
Deductible temporary difference	$ 1,125	1,333
The carryforward of unused tax losses	24,103	23,682
	$ 25,228	**25,015**

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

(Continued)

As of December 31, 2022, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss		Unrecognized tax losses	Year of expiry
2014 (examined)	$	36,578	2024
2016 (examined)		38,849	2026
2019 (examined)		904	2029
2020 (examined)		2,454	2030
2021 (filed)		18,855	2031
2022 (estimated)		22,875	2032
	$	**120,515**	

2) Changes in the amount of deferred income tax assets and liabilities for 2022 and 2021 were as follows:

		Fair value gains and others
Deferred income tax liabilities:		
Balance on January 1, 2022	$	2,276
Debit profit or loss		2,518
Balance on December 31, 2022	**$**	**4,794**
Balance on January 1, 2021	$	3,165
Credit profit or loss		(2,291)
Acquisition		1,402
Balance on December 31, 2021	**$**	**2,276**

		Inventory allowances	Allowance limit on bad debts	Others	Total
Deferred income tax assets:					
Balance on January 1, 2022	$	(47,100)	(3,099)	(8,634)	(58,833)
Debit profit or loss		8,600	3,099	1,261	12,960
Balance on December 31, 2022	**$**	**(38,500)**	**-**	**(7,373)**	**(45,873)**
Balance on January 1, 2021	$	(47,400)	(8,065)	(4,552)	(60,017)
Debit (credit) profit or loss		300	4,966	(2,233)	3,033
Acquisition		-	-	(1,849)	(1,849)
Balance on December 31, 2021	**$**	**(47,100)**	**(3,099)**	**(8,634)**	**(58,833)**

(v) The Company’ s income tax returns have been assessed and approved by the R.O.C. tax authorities through the years to 2020.

(Continued)

(u) Capital and other equity

As of both December 31, 2022 and 2021, the Group’s authorized shares amounted to $2,500,000 thousand, divided into 250,000 thousand shares, with par value of $10 per share. The issued 188,357 thousand shares comprised only ordinary shares, and all issued shares were paid up upon issuance.

(i) Capital surplus

The components of capital surplus were as follows:

		December 31, 2022	December 31, 2021
Share capital premium	$	1,189,020	1,192,319
Treasury share transactions		54,637	54,637
Difference arising from subsidiary’s share price and its carrying value from acquisition or disposal of		27,984	27,984
Changes in equity of associates accounted for using equity method and others		1,106	979
	$	1,272,747	1,275,919

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends in proportion to shareholders held. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total paid-in capital. The capital increases by transferring capital surplus in excess of par value shall be capitalized in the subsequent year after such capital reserve has been authorized for registration by the regulatory agency.

(ii) Retain earning

In accordance with the Article of Association, if there are earnings at year end, 10 percent should be set aside as legal reserve (unless the amount in the legal reserve is already equal to or greater than the total paid-in capital) and special reserve shall be appropriated or reversed, according to operating requirements or regulations of the Company, after the payment of income tax and offsetting the accumulated losses from prior years. The remaining portion will be combined with the earnings from prior years, and the Board of Directors can propose the distribution plan to be approved during the shareholders’ meeting. The abovementioned distribution plan, by way of cash dividends, should be approved by the Company’ s Board of Directors and should be reported during the Company’ s shareholder’ s meeting.

(Continued)

As the Company is in its growth phase, it has adopted a residual dividend policy to pay the dividends after the end of the year from the earnings of the current year and the accumulated earnings from prior years. If there are earnings at year end and the current unappropriated retained earnings exceeded the lower of 2% of the capital stock, the distribution ratio for dividends shall not be less than 10% of the current unappropriated retained earnings after taking into consideration the Company's profit, capital structure, and future operating needs. Dividends are distributed as either cash or stock, where cash dividends represent no less than 10% of the total dividends and the actual amount distributed is based on the amount approved by the Board of Directors.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and provided that the balance of the reserve exceeds 25% of the Company's paid in capital.

2) Special reserve

In accordance with FSC, when distributing distributable earnings, the Company records the net decrease in other shareholders' equity from profit after income tax for the current period plus the current-period unappropriated retained earnings not included in the current profit after income tax and prior undistributed earnings to be added to special earnings reserve. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

If the subsidiary continues to hold the stocks of its parent company in the end of the period, with a market value lower than the book value, the Company shall allocate its special reserve, pro-rata to the shareholding percentage thereof, in an amount equals to the difference between the market value and the book value; also, the special reserve may not be distributed. If the market value subsequently increases, the Company may reverse the amount of special reserve, pro-rata to the shareholding percentage, corresponding to the amount by which the value has increased.

3) Earnings distribution

On February 24, 2022, cash dividends in the distribution plan for 2021 had been approved at the Board of Directors meeting, and other items of earnings distribution had been approved in shareholder's meeting on May 26, 2022. The cash dividends of earnings distribution for 2020 had been approved at the Board of Directors meeting on February 25, 2021, and other items of earnings distribution had been approved in shareholder's meeting on August 25, 2021.

	For the years ended December 31	
	2021	**2020**
Dividends to shareholders - cash, $2.5 per share	**$ 470,894**	**470,894**

(Continued)

(v) Earnings per share

The Company's basic and diluted earnings per share were calculated as follows:

	For the years ended December 31 2022	2021
Basic earnings per share:		
Profit attributable to the Company	$ **412,505**	**577,591**
Weighted-average number of ordinary shares outstanding (basic / thousand shares)	**188,357**	**188,357**
Earnings per share (dollars)	$ **2.19**	**3.07**

	For the years ended December 31 2022	2021
Diluted earnings per share:		
Profit attributable to the Company	$ **412,505**	**577,591**
Weighted-average number of ordinary shares outstanding (diluted / thousand shares)	**189,979**	**190,083**
Earnings per share (dollars)	$ **2.17**	**3.04**

	For the years ended December 31 2022	2021
Weighted-average number of ordinary shares (basic/ thousand shares)	188,357	188,357
Effect of employee remuneration	1,622	1,726
Weighted-average number of ordinary shares outstanding (diluted/thousand shares)	**189,979**	**190,083**

(w) Revenue from contracts with customers

(i) Details of revenue

	For the years ended December 31, 2022 ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Other products	Total
Major products/service lines:						
Sale of goods	$ 4,085,008	5,526,303	907,805	289,845	15,918	10,824,879
Services rendered	-	-	-	1,288,146	-	1,288,146
Total	$ **4,085,008**	**5,526,303**	**907,805**	**1,577,991**	**15,918**	**12,113,025**

(Continued)

		For the years ended December 31, 2021				
	ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Other products	Total
Major products/service lines:						
Sale of goods	$ 3,768,168	5,405,892	1,643,224	251,803	171,818	11,240,905
Services rendered	-	-	-	759,816	-	759,816
Total	$ 3,768,168	5,405,892	1,643,224	1,011,619	171,818	12,000,721

(ii) Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable (including long-term)	$ 134,624	299,082	187,429
Accounts receivable (including long-term and related parties)	2,679,276	2,648,653	1,903,411
Less: loss allowance	(26,430)	(27,844)	(47,333)
	$ 2,787,470	2,919,891	2,043,507
Contract assets	$ 8,037	20,392	-
Contract liability	$ 300,110	254,000	325,364

1) For the impairment of notes and accounts receivable (including long-term and related parties), please refer to Note 6(c).

2) The amounts of contract liability balance, recognized as revenue as of January 1, 2022 and 2021 at the beginning of the period, were as follows:

	For the years ended December 31	
	2022	2021
Revenue Recognition	$ 215,216	289,404

3) The major changes in the balance of contract asset and liability is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(Continued)

(x) Remuneration to employees and directors

In accordance with the Article of Association, once the Company has annual earnings, it should contribute 5% to 20% of the earnings as employee remuneration, and less than 1% as directors' remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employees entitled to receive the aforementioned employee remuneration, in shares or cash, include the employees of the controlling or subsidiaries of the company who meet certain specific requirement. The aforementioned requirement and distribution methods should first be approved by the Company's Board of Directors or its authorized person. The Company estimated its remuneration to employees at $44,651 thousand and $59,513 thousand for the years ended December 31, 2022 and 2021, respectively, and estimated its remuneration to directors at $4,186 thousand and $5,580 thousand, respectively.

The aforementioned amounts were calculated using the Company's net income before tax, without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period, related information is available on the website of the Market Observation Post System. The differences between the estimated amounts and the actual amounts approved by the Board of directors for 2022, if any, shall be accounted for as changes in accounting estimates and recognized in 2023. The actual amounts distributed for 2021 and the estimated amounts for 2021 in the financial statements were the same.

(y) Non-operating income and expenses

(i) Other income

The Group's other income was as follows:

	For the years ended December 31	
	2022	**2021**
Rental income	$ 8,574	5,426
Dividend income	13,671	7,812
	$ 22,245	**13,238**

(Continued)

(ii) Other gains and losses

The Group’s other gains and losses were as follows:

	For the years ended December 31	
	2022	**2021**
Net foreign exchange gains (losses)	$ 19,223	21,615
Net gains on valuation of financial assets (liabilities) at fair value through profit or loss	63,261	76,717
Gain on disposal of non-current assets or liabilities held for sale	-	84,232
Gain on disposal of subsidiaries	-	20,696
Gains on disposal of investment property and property, plant and equipment	52	10,262
Others	12,984	3,997
	$ 95,520	**217,519**

(iii) Finance costs

The Group’s financial costs were as follows:

	For the years ended December 31	
	2022	**2021**
Interest on bank loans	$ 22,259	14,404
Interest on lease liabilities	3,221	3,590
	$ 25,480	**17,994**

(z) Financial instruments

(i) Credit risk

A credit risk is the risk of having financial losses arising from counterparties failing to meet their required contract obligation. The major potential credit risks are from defaults from counterparties who fail to meet their required contract obligation.

1) Accounts receivable and other receivables

The Group’ s credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default if necessary. The Group assesses the ratings based on publicly available financial information and transactions records with its major customers. The Group continues to monitor the exposure to credit risk and the credit rating of counterparties, transaction amount to all qualified customers, and review annually the credit limit of counterparties, so as to manage risk exposure.

2) Other financial assets

The credit risk exposure in cash and cash equivalents, fixed income investments and other financial instruments are measured and monitored by the Group' s finance department. As the Group deals with the banks and other external parties with good credit standing and financial institutions which are graded above investment level, the management believes that the Group does not have any compliance issues, and therefore, there is no significant credit risk.

The carrying amount of financial assets, represents the maximum amount exposed to credit risk. As of December 31, 2022 and 2021, the maximum exposure to credit risk amounted to $4,168,685 thousand, and $4,067,482 thousand, respectively.

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2022					
Non-derivative financial liabilities					
Financial liabilities at fair value through profit or loss - Contingent considerations arising from business combinations (Current and Non-current)	$ 63,144	91,660	-	91,660	-
Long-term and short-term borrowings	1,568,482	1,610,916	1,317,663	84,705	208,548
Short-term notes and bills payable	199,619	200,000	200,000	-	-
Lease liabilities (including long-term)	174,805	180,126	45,797	126,103	8,226
Notes and accounts payable	1,934,173	1,934,173	1,934,173	-	-
Other payables	368,686	368,686	368,686	-	-
Guarantee deposits	1,640	1,640	-	1,640	-
Derivative financial liabilities					
Outflow	13,930	867,076	867,076	-	-
Inflow	-	(853,146)	(853,146)	-	-
	$ 4,324,479	**4,401,131**	**3,880,249**	**304,108**	**216,774**

(Continued)

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2021					
Non-derivative financial liabilities					
Financial liabilities at fair value through profit or loss - Contingent considerations arising from business combinations (Current and Non-current)	$ 103,222	147,776	5,609	142,167	-
Long-term and short-term borrowings	1,439,281	1,470,642	1,168,203	81,542	220,897
Lease liabilities (including long-term)	194,449	201,547	44,979	124,465	32,103
Notes and accounts payable	1,453,248	1,453,248	1,453,248	-	-
Other payables	406,627	406,627	406,627	-	-
Guarantee deposits	1,577	1,577	-	1,577	-
Derivative financial liabilities					
Outflow	2,286	400,463	400,463	-	-
Inflow	-	(398,177)	(398,177)	-	-
	$ 3,600,690	3,683,703	3,080,952	349,751	253,000

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to currency risk

The Group's significant exposure of financial assets and liabilities to foreign currency risk was as follows:

	December 31, 2022			December 31, 2021		
	Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets						
Monetary items						
USD/NTD	$ 4,666	30.73	143,401	2,540	27.68	70,316
Financial liabilities						
Monetary items						
USD/NTD	$ 33,490	30.73	1,029,145	16,153	27.68	447,115

(Continued)

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, short-term borrowings, notes and accounts payable, and other payables denominated in foreign currency. To avoid the decrease in the value of foreign currency assets and fluctuations of future cash flows resulted from changes in exchange rates, the Group uses derivative instruments to hedge exchange rate risk (see Note 6(b)). An appreciation (depreciation) of 1% of the USD against NTD as of December 31, 2022 and 2021, with all other variables including derivative financial instruments remaining constant, would have decreased or increased the profit before income tax by $1,651 thousand and $686 thousand, respectively. The analysis for both periods was performed on the same basis.

3) Foreign exchange gains and losses on monetary items

The amounts of exchange gains and losses (including realized and unrealized) of monetary items of the Group which were converted into functional currency, and the exchange rate information converted to the Company's functional currency, NTD, were as follows:

	For the years ended December 31,			
	2022		2021	
	Foreign exchange (loss) gain	Average exchange rate	Foreign exchange (loss) gain	Average exchange rate
NTD	$ 19,003	1	21,679	1
ZAR	220	1.83	(64)	1.90
	$ 19,223		**21,615**	

(iv) Interest rate analysis

The details of interest-bearing financial instruments at the reporting date were as follows:

	Carrying amount	
	December 31, 2022	December 31, 2021
Variable-rate instrument:		
Financial assets	$ 727,713	619,762
Financial liabilities	(1,768,101)	(1,439,281)
	$ (1,040,388)	**(819,519)**

(Continued)

According to the Group's sensitivity analysis of risk exposure to non-derivative instruments on the reporting date, if the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Group's profit before income tax would have decreased or increased by $2,601 thousand and $2,049 thousand for the years ended December 31, 2022 and 2021, respectively. This is mainly due to interest rate risk exposures on variable-rate bank deposits, long-term and short-term borrowings and short-term notes and bills payable.

(v) Fair value of financial instruments

1) Types of financial instrument and fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss is measured on a recurring basis. The following sets out carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy but excluding financial instruments not measured at fair value with carrying amount reasonably close to their fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Pre-purchased forward exchange contracts	$ 623	-	-	623	623
Foreign and domestic unlisted stocks	280,153	-	-	280,153	280,153
Foreign and domestic unlisted equities	230,691	-	-	230,691	230,691
	$ 511,467				
Financial assets at amortized cost:					
Cash and cash equivalents	$ 784,073				
Notes and accounts receivable, net (including long-term and related parties)	2,787,470				
Other receivables	1,093				
Refundable deposits	84,481				
Other financial assets	101				
	$ 3,657,218				

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss:					
Pre-purchased forward exchange contracts	$ 13,930	-	-	13,930	13,930
Contingent considerations arising from business combinations	63,144	-	-	63,144	63,144
	$ 77,074				
Financial liabilities measured at amortized cost:					
Long-term and short-term borrowings	$ 1,568,482				
Short-term notes and bills payable	199,619				
Lease liabilities (including long-term)	174,805				
Notes and accounts payable	1,934,173				
Other payables	368,686				
Guarantee deposits	1,640				
	$ 4,247,405				

	December 31, 2021				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Pre-purchased forward exchange contracts	$ 243	-	-	243	243
Foreign and domestic unlisted stocks	240,694	-	-	240,694	240,694
Domestic unlisted equities	97,602	-	-	97,602	97,602
	$ 338,539				

(Continued)

	December 31, 2021				
	Carrying	Fair value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 673,911				
Notes and accounts receivable (including long-term and related parties)	2,919,891				
Other receivables	1,825				
Refundable deposits	77,279				
Other financial assets	56,037				
	$ 3,728,943				
Financial liabilities at fair value through profit or loss:					
Pre-purchased forward exchange contracts	$ 2,286	-	-	2,286	2,286
Contingent considerations arising from business combinations	103,222	-	-	103,222	103,222
	$ 105,508				
Financial liabilities measured at amortized cost:					
Long-term and short-term borrowings	$ 1,439,281				
Lease liabilities (including long-term)	194,449				
Notes and accounts payable	1,453,248				
Other payables	406,627				
Guarantee deposits	1,577				
	$ 3,495,182				

2) Valuation techniques for financial instruments measured at fair value

The measurements of fair value of equity instruments without an active market are based on the market comparable listed company approach, which assumes that the fair value is measured by the investee' estimated net worth and the price-book ratio estimated based on comparable quoted market price. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security.

(Continued)

Discounted cash flow model is used to estimate the fair value of contingent consideration arising from business combination. The main assumption takes into consideration the possibility of occurrence to estimate the consideration for payment, by the discounted present value.

Measurement of the fair value of derivative instruments is based on the valuation techniques accepted by the market participants, such as the discounted cash flow or option pricing models. Fair value of forward exchange contracts is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

There were no transfers between level 1 and level 2 of the financial instruments for the years ended December 31, 2022 and 2021.

4) Reconciliation of Level 3 fair values

	Measured at fair value through profit or loss	
	Derivative financial assets (liabilities)	**Non-derivative financial assets (liabilities) measured at fair value through profit or loss**
January 1, 2022	$ (2,043)	235,074
Recognized in profit or loss	(11,101)	74,362
Additions	-	130,856
Decrease of contingent considerations	-	7,408
Effects of exchange rate changes	(163)	-
December 31, 2022	**$ (13,307)**	**447,700**
January 1, 2021	$ (554)	76,463
Recognized in profit or loss	(1,489)	78,132
Additions	-	100,000
Contingent considerations payments	-	3,777
Contingent considerations arising from business combinations	-	(23,298)
December 31, 2021	**$ (2,043)**	**235,074**

(Continued)

The aforementioned total gains and losses that were recognized in “ other gains and losses”. The gains or losses attributable to the assets and liabilities held on December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	2021
Total gains and losses		
Recognized in profit or loss (recognized as other gains and losses)	$ 61,055	76,089

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group’s financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss and derivative financial instruments.

The fair value of derivative financial instruments resulted from the quotation of a third party and did not use any unobservable inputs in its calculation. Therefore, the Group did not disclose the quantitative information about significant unobservable inputs and sensitivity analysis.

Quantified information on other significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss-investments in equity instrument without active market	Comparable listed companies approach	· Market liquidity discount rate (23.63%~27.08% as of December 31, 2022, 25.00%~31.34% as of December 31, 2021)	· The higher the market liquidity discount rate, the lower the fair value
Financial liabilities at fair value through profit or loss-Contingent considerations arising from business combinations	Discounted cash flow method	· Discount rate (8.81%~18.35% as of December 31, 2022, 8.19%~14.75% as of December 31, 2021)	· The higher the discount rate, the lower the fair value

(Continued)

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group' s measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit:

	Inputs	Current profit (loss) arising from changes in fair value 10% increase	10% decrease
December 31, 2022			
Financial assets (liabilities) at fair value through profit or loss			
Investments in equity instrument without an active market	Discount for marketability	$ (36,719)	36,719
Contingent considerations arising from business combinations	Discount for discount rate	$ 2,063	(2,176)
December 31, 2021			
Financial assets (liabilities) at fair value through profit or loss			
Investments in equity instrument without an active market	Discount for marketability	$ (33,780)	33,780
Contingent considerations arising from business combinations	Discount for discount rate	$ 3,223	(3,399)

(aa) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note expressed the information on risk exposure and objectives, policies and process of risk measurement and management of the Group. For more details about the quantitative effects of these risk exposures, please refer to respective notes in the report.

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities, so as to minimize risk exposure.

(Continued)

The Board of directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors.

(ab) Capital management

The Board's policy is to maintain a strong capital base, in order to maintain investor, creditor, and market confidence. Capital consists of ordinary shares, capital surplus, retained earnings, and noncontrolling interests. As of December 31, 2022, the Group had sufficient capital to meet the needs for working capital and other expenditure in the next 12 months. The Group's approach to capital management has not changed on each reporting date.

As of December 31, 2022 and 2021, the debt ratios were 52% and 47%, respectively.

(ac) Investing and financing activities not affecting current cash flow

For the years ended December 31, 2022 and 2021, the Group's investing and financing activities, not affecting the current cash flow, were as follows:

(i) For the acquisition of right-of-use assets by lease, please refer to Note 6(k).

(ii) The reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Long-term borrowings	$ 293,623	(16,742)	-	276,881
Short-term borrowings	1,145,658	145,943	-	1,291,601
Short-term notes and bills payable	-	199,619	-	199,619
Guarantee deposits	1,577	63	-	1,640
Lease liabilities (including long-term)	194,449	(48,207)	28,563	174,805
Total liabilities from financing activities	**$ 1,635,307**	**280,676**	**28,563**	**1,944,546**

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Long-term borrowings	$ 310,497	(16,874)	-	293,623
Short-term borrowings	514,759	624,899	6,000	1,145,658
Other payables	113,742	(113,742)	-	-
Guarantee deposits	1,621	(44)	-	1,577
Lease liabilities (including long-term)	204,580	(42,511)	32,380	194,449
Total liabilities from financing activities	**$ 1,145,199**	**451,728**	**38,380**	**1,635,307**

(Continued)

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

Qisda Corporation ("Qisda") is both the parent company and the ultimate controlling party of the Group. As of December 31, 2022 and 2021, Qisda both holds 51.41% of the number of ordinary shares outstanding of the Group, and it has prepared the consolidated financial statements for public use.

(b) Names and relationship with related parties

The followings are related parties that have had transactions with the Group during the periods covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Qisda Corporation (Qisda)	Parent of the Group
GRANDSYS INC. (GRANDSYS)	Associate of the Group
BenQ Material Corporation. (BenQ Material)	It and the Company have the same ultimate parent company
Partner Tech Corporation (Partner Tech)	It and the Company have the same ultimate parent company
DFI Inc. (DFI)	It and the Company have the same ultimate parent company
Data Image Corporation (Data Image)	It and the Company have the same ultimate parent company
BenQ Corporation (New BenQ)	It and the Company have the same ultimate parent company
SIMULA TECHNOLOGY INC. (SIMULA TECHNOLOGY)	It and the Company have the same ultimate parent company
BenQ Asia Pacific Corporation (BenQ Asia Pacific)	It and the Company have the same ultimate parent company
ACE Energy Co., Ltd. (ACE Energy)	It and the Company have the same ultimate parent company
ACE PILLAR CO., LTD. (ACE PILLAR)	It and the Company have the same ultimate parent company
AEWIN Technologies Co., Ltd (AEWIN Technologies)	It and the Company have the same ultimate parent company
BenQ Medical Technology Corporation (BenQ Medical Technology)	It and the Company have the same ultimate parent company
Alpha Networks Inc. (Alpha)	It and the Company have the same ultimate parent company

(Continued)

Name of related party	Relationship with the Group
Topview Optronics Corporation (Topview Optronics)	It and the Company have the same ultimate parent company
Suzhou Super Pillar Automation Equipment Co., Ltd.(Suzhou Super Pillar)	It and the Company have the same ultimate parent company
BenQ AB DentCare Corp. (BenQ AB DentCare)	It and the Company have the same ultimate parent company
Action Star Technology Co., Ltd. (Action Star)	It and the Company have the same ultimate parent company
BENQ HEALTHCARE CORPORATION (BHS)	It and the Company have the same ultimate parent company
Transnet Corporation (Transnet)	It and the Company have the same ultimate parent company
HITRON TECHNOLOGIES INC. (HITRON TECHNOLOGIES)	It and the Company have the same ultimate parent company
Interactive Digital Technologies Inc. (Interactive Digital)	It and the Company have the same ultimate parent company
LA FRESH INFORMATION CO., LTD. (LA FRESH)	It and the Company have the same ultimate parent company
Webest Solution Corporation (Webest Solution)	It and the Company have the same ultimate parent company
ASIACONNECT INTERNATIONAL COMPANY LTD. (ASIACONNECT INTERNATIONAL)	It and the Company have the same ultimate parent company
Concord Medical Co., Ltd (Concord)	It and the Company have the same ultimate parent company
DIVA LABORATORIES, LTD. (DIVA)	It and the Company have the same ultimate parent company
E-STRONG MEDICAL TECHNOLOGY CO., LTD. (ESM)	It and the Company have the same ultimate parent company
EASTECH CO., LTD. (EASTECH)	It and the Company have the same ultimate parent company
GOLDEN SPIRIT CO., LTD. (GOLDEN SPIRIT)	It and the Company have the same ultimate parent company
Partner Tech Middle East FZCO (PTME)	It and the Company have the same ultimate parent company
BenQ Guru Holding Limited(GSH)	It and the Company have the same ultimate parent company
Darfon Electronics Corporation (Darfon Electronics)	Associate of the parent company
AUO Corporation (AUO)	Associate of the parent company

(Continued)

Name of related party	Relationship with the Group
AUO Envirotech Inc. (AUO Envirotech)	Subsidiary of AUO
AUO Display Plus Corporation (AUO Display Plus)	Subsidiary of AUO
DARWIN PRECISIONS CORPORATION (DARWIN)	Subsidiary of AUO
AUO Education Service Corp. (AUO Education Service)	Subsidiary of AUO
BenQ Foundation	Substantive related party
CHI KAI INTERNATIONAL CO., LTD. (CHI KAI INTERNATIONAL)	Substantive related party (Note 1)
RECEIVE-MORE INVESTMENTS NO 9 (PTY) LTD (RECEIVE-MORE INVESTMENTS NO 9)	Substantive related party
AMS HEALTHCARE (PTY) LTD (AMS HEALTHCARE)	Substantive related party
ASML LOGISTICS (PTY) LTD (ASML LOGISTICS)	Substantive related party
4A GROUP (PTY) LTD (4A GROUP)	Substantive related party
CLOUD 9 HOLDINGS (PTY) LTD (CLOUD 9 HOLDINGS)	Substantive related party
METAWORK (PTY) LTD (METAWORK)	Substantive related party
Key management personnel	Key management personnel of the Group

Note 1: CHI KAI-INTERNATIONAL is no longer a substantive related party of the Group due to the transfer of the capital on August 15, 2022.

(c) Significant related-party transactions

(i) Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the years ended December 31	
	2022	**2021**
Parent company	$ 13,503	155,090
Associates	9,173	3,592
Other associates	89,124	145,894
Other related parties	(6,883)	18,338
	$ 104,917	**322,914**

(Continued)

The selling price offered to related parties approximated the market price, and the credit terms. For the year ended December 31, 2022 were either based on terms ranging from advance receipt to 120 days after the end of the month or the terms stated in the contract; while the credit terms for the year ended December 31, 2021 ranged from 30 to 120 days after the end of the month or the terms stated in the contract. Receivables from related parties were not pledged as collateral, and no allowance was needed to provide for impairment loss after assessment.

(ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	For the three months ended December 31	
	2022	**2021**
Parent company	$ -	(486)
Other associates	4,607	26,313
Other related parties	28,132	138,468
	$ 32,739	**164,295**

Purchase prices and payment terms from related parties were not significant difference from third-party suppliers. The payment terms for the years ended December 31, 2022 and 2021 ranged from prepaid to 90 days after the end of the month. The Group requested a return of purchased goods from its other related parties for the year ended December 31, 2022. The refund receivables amounted to $17,211 thousand had been fully received as of December 31, 2022.

(iii) Receivables from related parties

The receivables due from related parties were as follows:

Account	Category of related party	December 31, 2022	December 31, 2021
Accounts receivable (including long-term)	Parent company	$ 76,083	104,975
Accounts receivable	Associates	423	2,551
Accounts receivable	Other associates	13,437	30,300
Accounts receivable	Other related parties	72	10,087
		$ 90,015	**147,913**

(iv) Payables to related parties

The payables to related parties were as follows:

Account	Relationship	December 31, 2022	December 31, 2021
Accounts payable	Other associates	**$ 62**	**9,728**

(Continued)

(v) Prepayments

The prepayments to related parties were as follows:

Account	Relationship	December 31, 2022	December 31, 2021
Prepayment for purchases	Other related parties	$ -	6,228

(vi) Lease

1) Lessor

The Group leased out building to its related parties. The amount of rental income were as follow:

Lessee	For the years ended December 31 2022	2021
Other associates - DFI	$ 6,035	2,012

The deposit and monthly rental are determined based on nearby office rental rates, and the rent is received monthly. As of December 31, 2022 and 2021, both receivables from the aforementioned transaction had been fully received.

2) Lessee

The Group rented buildings from its ultimate controlling company and entered into 10-years lease contract by reference of the rental price of the nearby offices. For the years ended December 31, 2022 and 2021, the Group recognized the interest expenses amounted to $13 thousand, and $18 thousand, respectively. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to $0 thousand and $841 thousand, respectively. In November 2022, the Group terminated the lease early and recognized gains on lease modifications amounting to $65 thousand in other gains and losses.

The Group rented buildings from its other related party and entered into 5-years lease contract by reference of the rental price of the nearby offices. For the years ended December 31, 2022 and 2021, the Group recognized the interest expenses amounted to $573 thousand, and $1,174 thousand, respectively. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to $2,233 thousand and $7,982 thousand, respectively.

(vii) Financing from related parties

In 2021, The borrowings from other associates, Partner Tech, bear interest at 3.5% annually and without collaterals. For the year ended December 31, 2021, interest expenses from the interest-bearing borrowings from related party amounted to $208 thousand. As of December 31, 2021, the above-mentioned other payables had been fully repaid.

(Continued)

(viii) Donation

For the years ended December 31, 2022 and 2021, the Group made donations of $3,000 thousand and $2,000 thousand, respectively, to its substantive related party, BenQ Foundation.

(ix) Acquisition of the subsidiary

1) The Group had fully acquired Metaguru from other associates, GSH, at the total price of $31,000 thousand in December 2022. The price had been paid in full.

2) The Group had fully acquired COREX from other associates, Partner Tech, at the total price of $140,000 thousand in January 2021. The price had been paid in full.

(x) Miscellaneous transactions

In addition to the above transactions, the amounts of other significant outstanding balances by related parties were as follows:

	Cost and expense		Other payables	
	For the years ended December 31		December 31, 2022	December 31, 2021
	2022	2021		
Parent Company	$ 956	963	128	41
Other associates	2,087	791	157	206
Other related parties	14,181	10,113	-	399
	$ 17,224	**11,867**	**285**	**646**

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2022	2021
Short-term employee benefits	$ 84,903	93,507
Post-employment benefits	1,276	1,231
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payment	-	-
	$ 86,179	**94,738**

(Continued)

(8) Pledged assets

The carrying amounts of the assets which the Group pledged as collateral were as follows:

Asset Name	Liabilities secured by pledged		December 31, 2022	December 31, 2021
Property, plant and equipment	Long-term and short-term borrowings	$	492,474	830,124
Other non-current assets	Short-term borrowings		-	3,037
		$	**492,474**	**833,161**

(9) Significant commitments and contingencies

(a) The promissory notes, issued by the Group for loans from financial institutions, forward exchange transactions, and purchase limits, are detailed as follows:

	Currency		December 31, 2022	December 31, 2021
Promissory notes issued	NTD	$	**5,846,000**	**5,771,000**
	USD	$	**4,500**	**17,350**

(10) Losses due to major disasters: None

(11) Subsequent events: None

(12) Others:

(a) The summary of employee benefits, depreciation, depletion and amortization, by function, was as follows:

By function / By item	For the years ended December 31, 2022			For the years ended December 31, 2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	102,301	698,226	800,527	84,881	620,609	705,490
Labor and health insurance	6,571	54,646	61,217	6,712	46,591	53,303
Pension	3,414	26,359	29,773	3,375	22,261	25,636
Other employee benefits expense	1,652	31,393	33,045	1,956	32,395	34,351
Depreciation	3,935	81,139	85,074	4,212	74,798	79,010
Amortization	26	10,306	10,332	26	11,128	11,154

(Continued)

(13) Other disclosures

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the year ended December 31, 2022:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of Guarantor/ Endorse	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the Period	Balance for guarantees and endorsements as of reporting date	Actual borrowing amount	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company guarantees/ endorsements to third parties on behalf of subsidiary	Subsidiary guarantees/ endorsements to third parties on behalf of parent company	guarantees/ endorsements to third parties on behalf of companies in Mainland China
		Name	Relationship										
0	the Company	COREX	Subsidiary of the Company	Note 1	309,400	150,000	110,746	-	3.54 %	(Note 1)	Y	-	-
0	the Company	GLOBALINTELLIGENCENETWORK	〃	〃	100,000	-	-	-	- %	〃	Y	-	-

Note 1: The amount of the guarantees and endorsements for a single entity company shall not exceed 20% of the Company's net worth of $848,447 thousand when the guarantees and endorsements was provided; the total amount of guarantees and endorsements provided by the Company shall not exceed 50% of the Company's net worth of $2,121,118 thousand.

(iii) Securities held as balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares/thousand units

Holder Company	Category and name of security	Relationship with company	Account	Ending Balance				Highest balance during the year		Note
				Shares/Units	Carrying amount	Percentage of Ownership (%)	Fair value	Shares/Units (thousands)	Percentage of ownership (%)	
	Stock:									
the Company	DYNASAFE TECHNOLOGIES, INC.	-	Non-current financial assets at fair value through profit or loss	3,906	274,009	19.53	274,009	3,906	19.53	(Note 1)
〃	CDS Holdings Limited	-	〃	600	-	1.11	-	600	1.11	〃
〃	YOBON TECHNOLOGIES, INC.	-	〃	3	-	0.42	-	3	0.42	〃
〃	Touch Cloud Inc.	-	〃	200	572	1.50	572	200	1.50	〃
〃	Gemini Data, Inc.	-	〃	2,706	5,173	1.23	5,173	2,706	1.70	〃
〃	KINGTEL CORPORATION	-	〃	443	399	18.09	399	443	18.09	〃
	Equity:									
〃	Taiwania Capital Buffalo Fund V, LP.	-	〃	(Note 2)	199,835	12.78	199,835	(Note 2)	12.78	〃
〃	New Economy Ventures L.P.	-	〃	(Note 2)	30,856	7.36	30,856	(Note 2)	7.36	〃
					510,844		510,844			

Note 1: Unlisted company.
Note 2: Limited partnership.

(Continued)

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of $300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of 100 million or 20% of the capital stock: None

(viii) Receivable from related parties with amount exceeding the lower of $100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: Please refer to Note 6(b).

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany Transactions			
				Account	Amount	Trading terms	Percentage of the consolidated net sales or total assets
0	the Company	GLOBAL INTELLIGENCE NETWORK	1	Sales	75,876	60 days from the end of the month	0.63%
〃	〃	〃	1	Accounts receivable	34,118	〃	0.37%
〃	〃	〃	1	Rental income	6,727	Payment on 10th of each month	0.06%
〃	〃	〃	1	Other revenue	11,173	60 days from the end of the month	0.09%
〃	〃	EPIC CLOUD	1	Sales	48,413	〃	0.40%
〃	〃	〃	1	Accounts receivable	11,028	〃	0.12%
〃	〃	〃	1	Other revenue	5,628	〃	0.05%
1	GLOBAL INTELLIGENCE NETWORK	the Company	2	Sales	21,333	〃	0.18%
2	EPIC CLOUD	the Company	2	Sales	6,302	〃	0.05%
3	APEO HumanCapital	ADVANCEDTEKINTER NATIONAL	3	Sales	13,120	(Note 3)	0.11%

Note 1: No. are filled in as follows:
(i) “0” represents the parent company
(ii) Subsidiaries are numbered starting from “1”.
Note 2: Natures of relationship with counterparty are as below:
1.Parent company to subsidiary.
2.Subsidiary to parent company.
3.Subsidiary to subsidiary.
Note 3: Clearance made within the month and payments received before the end of the month.
Note 4: Disclosure of only the amounts exceeding of $5 million.
Note 5: Related transactions have been eliminated during preparing the consolidated financial statements.

(Continued)

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2022:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Highest balance during the year		Net income (loss) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	(In thousands of shares)	Percentage of ownership	Carrying amount	Shares/Units (thousands)	Percentage of Ownership			
the Company	GLOBAL INTELLIGENCE NETWORK	Taiwan	Trading in hardware and software for network and communications systems	119,142	119,142	10,475	79.36 %	182,615	10,476	79.36 %	10,752	8,538	(Notes 1 and 3)
〃	EPIC CLOUD	Taiwan	Data software and data processing services	27,500	50,000	2,750	100.00 %	4,427	5,000	100.00 %	(23,008)	(23,008)	(Notes 1, 3 and 5)
〃	COREX	South Africa	Import and export of electronic products for sale and purchase	251,872	251,872	1	100.00 %	268,772	1	100.00 %	(23,559)	(24,646)	(Notes 1 and 3)
〃	STATINC	Taiwan	Market research, management consulting and data processing services	69,983	69,983	1,754	34.99 %	82,195	1,754	34.99 %	(5,708)	(2,660)	(Notes 1 and 3)
〃	UNISAGE	Taiwan	Medical equipment manufacturing	-	506	-	- %	-	67	38.01 %	-	-	(Note 2 and 4)
〃	GRANDSYS	Taiwan	Data software and data processing services	94,547	94,547	5,643	20.96 %	112,741	5,643	21.84 %	48,595	7,205	(Note 2)
〃	ADVANCEDTEK INTERNATIONAL	Taiwan	Applications of software implementing services	30,091	30,091	1,153	34.09 %	39,263	1,153	34.09 %	21,266	7,251	(Notes 1 and 3)
〃	Everlasting Digital ESG	Taiwan	Development and sale of software	5,000	5,000	500	29.41 %	3,113	500	29.41 %	(3,746)	(1,020)	(Note 2)
〃	Metaguru	Taiwan	R&D and sales of computer information systems	31,000	-	1,712	100.00 %	29,054	5,760	100.00 %	7,074	7,074	(Notes 1 and 3)
EPIC CLOUD	GLOBAL INTELLIGENCE NETWORK	Taiwan	Trading in hardware and software for network and communications systems	172	172	10	0.08 %	172	10	0.08 %	10,752	-	(Notes 1 and 3)
〃	STATINC	Taiwan	Market research, management consulting and data processing services	40	40	1	0.02 %	40	1	0.02 %	(5,708)	-	(Notes 1 and 3)
ADVANCEDTEKINTERNATIONAL	APEO Human Capital	Taiwan	Applications of software implementing services	2,060	2,060	200	100.00 %	2,852	200	100.00 %	65	65	(Notes 1 and 3)
STATINC	DKABio	Taiwan	Market research, management consulting and data processing services	20,000	20,000	2,000	100.00 %	12,450	2,000	100.00 %	(6,462)	(6,462)	(Notes 1 and 3)

Note 1: Subsidiary of the Company.
Note 2: Associates of the Company.
Note 3: The equity transactions on the left have already been eliminated during preparing the consolidated financial statements.
Note 4: The investee company has been liquidated on October 12, 2022.
Note 5: The investee company performs a capital reduction to offset the accumulated deficit in August 2022. The amounts of capital reduction and reduced shares amounted to $22,500 thousand and 2,250 thousand shares, respectively.

(c) Information on investment in Mainland China: None

(Continued)

(d) Major Shareholders:

Unit: Shares

Shareholding / Major shareholder's name	Shares	Percentage
Qisda	96,841,239	51.41 %

(14) Segment information:

(a) General information

The Group has four reportable product line segments: ICT Infrastructures, Computing & Data Utilization, Digitalization, and Clouds, Software and Services. The ICT Infrastructures segment distributes and resells products from Cisco and other brands; the Computing & Data Utilization segment distributes and resells products from IBM, Dell, EMC, and other brands; the Digitalization segment distributes and resells products from Oracle and other brands; and the Clouds, Software and Services segment and resells sells cloud products, provides technical support, after-sales services and market research, as well as survey services. It also generates revenue incurred from the installation and support of software and hardware, foreign domain integration, as well as market survey, information system integration, design, import and consulting.

The Group's reported segments consist of strategic business units which provide different products and services. Since each strategic business unit requires different technology and marketing strategies, it must be administered separately.

(b) Information for reportable segment profit or loss, segment assets and their measurement and reconciliations

The Group did not allocate operating expenses, income tax expense, and non-operating income and expenses to reportable segments. The reported amount is the same as the amount of the financial statements used by operating decision makers.

The measurement of the profit or loss of the Group's operating segments was based on gross profit from operation, which has also been taken as the basis of performance evaluation. The accounting policies for the operating segments are the same as those in the summary of significant accounting policies described in note 4. Besides, sales and transfers between the segments are regarded as second party transactions and are measured based on current market prices.

Other segments of the Group mainly sell communications equipment and provide education training services. For the years ended December 31, 2022 and 2021, the aforementioned segments did not reach the quantitative thresholds of a reportable segment.

(Continued)

The Group's operating segment information and reconciliation are as follows:

	For the year ended December 31, 2022						
	ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Other products	Reconciliation and eliminations	Total
Revenue							
Revenue from external customers	$ 4,085,008	5,526,303	907,805	1,577,991	15,918	-	12,113,025
Intersegment revenues	11,130	91,451	4,616	49,905	-	(157,102)	-
Total revenue	**$ 4,096,138**	**5,617,754**	**912,421**	**1,627,896**	**15,918**	**(157,102)**	**12,113,025**
Gross profit (loss)	**$ 438,117**	**659,623**	**90,214**	**505,188**	**2,970**	**(11,538)**	**1,684,574**

	For the year ended December 31, 2021						
	ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Other products	Reconciliation and eliminations	Total
Revenue							
Revenue from external customers	$ 3,768,168	5,405,892	1,643,224	1,011,619	171,818	-	12,000,721
Intersegment revenues	17,467	36,614	2,711	24,509	-	(81,301)	-
Total revenue	**$ 3,785,635**	**5,442,506**	**1,645,935**	**1,036,128**	**171,818**	**(81,301)**	**12,000,721**
Gross profit	**$ 453,033**	**541,273**	**135,591**	**406,578**	**32,453**	**306**	**1,569,234**

(c) Geographic information

In presenting information on the basis of geography, revenue is based on the geographical location of customers, and non-current assets are based on the geographical location of the assets.

Revenue from the external customers:

Geographic information	For the years ended December 31 2022	2021
Taiwan	$ 11,518,738	11,189,861
Africa	562,081	767,636
Others	32,206	43,224
Total	**$ 12,113,025**	**12,000,721**

(Continued)

Non-current assets:

Geographic information		December 31, 2022	December 31, 2021
Taiwan	$	1,261,568	1,294,362
Africa		127,418	131,941
Total	**$**	**1,388,986**	**1,426,303**

Non-current assets include property, plant and equipment, intangible assets, right-of-use assets, and other assets, but excluding financial instruments and deferred income tax assets.

(d) Major customers

The Group' s revenues from a single customer did not exceed 10% of operating revenues in the statements of comprehensive income for the years ended December 31, 2022 and 2021, so the Group does not disclose any information on major customers.

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Independent Auditors' Report

To the Board of Directors of METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.):

Opinion

We have audited the parent company only financial statements of METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)("the Company"), which comprise the parent company only balance sheets as of December 31, 2022 and 2021 (restated), the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021 (restated), and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021 (restated), and its financial performance and its cash flows for the years ended December 31, 2022 and 2021 (restated), 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 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 Parent Company Only 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 of our opinion.

Emphasis of Matter

As stated in Note 1 and Note 6(g), METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.) fully acquired 100% shareholdings in Metaguru Corporation from subsidiary of Qisda Corporation, BenQ Guru Holdings Limited by cash on December 1, 2022. Pursuant to the Interpretations (2012) No. 301 issued by Accounting Research and Development Foundation, the aforementioned transaction is an organizational reorganization under common control and had been regarded as a combination from beginning. The Company restated the parent company only financial statements for the year ended December 31, 2021. Our conclusion is not modified in respect of this matter.

Other Matter

We did not audit the financial statements of certain investments accounted for using equity method. Those financial statements were audited by other auditors. Therefore, our opinion, insofar as it relates to amounts included for those investees, is based solely on the reports of the other auditors. The recognized investments accounted for using the equity method constituted 1.84% and 1.83% of the total assets as of December 31, 2022 and 2021 (restated), respectively, and the recognized share of profit or loss of subsidiaries and associates accounted for using equity method constituted 2.81% and 1.63% of the profit before tax for the years ended December 31, 2022 and 2021 (restated) , respectively.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Valuation of inventories

   Please refer to Note 4(g) for the accounting policy for inventories, Note 5(a) for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(e) for the details and related expenses for inventories.

   Description of key audit matter:

   Inventories are measured at the lower of cost or net realizable value. Since information products, such as network and servers, are constantly evolving, and prices impact end-consumers' decisions on expenditure, sales of related products may fluctuate, resulting in a risk that the cost of inventories may exceed their net realizable values. Consequently, the estimate of the net realized value of inventories, dependent on management' s subjective judgment, was considered to be a matter of high concern in our audit of the financial statements.

   How the matter was addressed in our audit:

   Our audit procedures included understanding the Company's policy for recognizing inventory allowances so as to assess whether inventory valuation was conducted pursuant to the policy; comparing the reasonableness of management' s recognition of the allowance for inventory loss for prior years with the approach and assumption about the recognition of the allowance for inventory loss for the current period, in order to evaluate the appropriateness of the latter; looking into and sampling the sales prices adopted by management and reviewing sales transactions after the balance sheet date, with a view to assessing whether the estimate of the net realizable value of inventories and the loss allowance was reasonable.

2. Impairment of goodwill included in investment in subsidiaries

   Please refer to Note 4(n) for the accounting policy on impairment of non-financial assets, Note 5(b) for significant accounting assumptions and judgments, and major sources of estimation uncertainty, and Note 6(g) for the assessment of impairment of goodwill.

   Description of key audit matter:

   Goodwill arising from investments in subsidiaries is included in the carrying amount of the investments accounted for using equity method in the parent company only financial statements. The goodwill is annually subject to impairment test or when there are indications that goodwill may have been impaired. The assessment of the recoverable amount of goodwill involves management' s judgment and estimation. Accordingly, the assessment of impairment of goodwill has been identified as one of the key audit matters.

How the matter was addressed in our audit:

Our audit procedures included obtaining the assessment of goodwill impairment provided by the management; assessing the appropriateness of the valuation model and key assumptions; performing a sensitivity analysis of the results; and assessing the adequacy of the Company's disclosures with respect to the related information.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the parent company only 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 a statement 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 parent company only financial statements of the current period 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 HUNG-WEN, FU and MEI-PIN, WU.

KPMG

Taipei, Taiwan (Republic of China)
Febuary 23, 2023

Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)

Balance Sheets

December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	Assets	December 31, 2022 Amount	%	December 31, 2021 (Restated) Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 424,848	5	385,915	5
1110	Current financial assets at fair value through profit or loss (Note 6(b))	623	-	-	-
1170	Notes and accounts receivable, net (Notes 6(c) and (v))	2,413,481	29	2,368,915	31
1180	Accounts receivable due from related parties, net (Notes 6(c), (v) and 7)	84,927	1	68,429	1
1300	Inventories (Note 6(e))	2,914,551	36	2,460,115	32
1470	Other current assets (Notes 6(d) and 7)	16,588	-	27,852	-
		5,855,018	71	5,311,226	69
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	510,844	6	338,296	4
1550	Investments accounted for using equity method (Notes 6(f), (g), (h), (i) and 7)	722,180	9	830,285	11
1600	Property, plant and equipment (Notes 6(j) and 8)	803,734	10	842,046	11
1755	Right-of-use assets (Note 6(k))	144,314	2	144,228	2
1760	Investment property, net (Notes 6(l) and 8)	57,093	1	36,169	-
1840	Deferred income tax assets (Note 6(s))	39,751	-	52,538	1
1931	Long-term notes receivable (Notes 6(c) and (v))	9,277	-	9,314	-
1942	Long-term accounts receivables due from related parties (Notes 6(c), (v) and 7)	32,886	-	65,772	1
1990	Other non-current assets	69,756	1	64,885	1
		2,389,835	29	2,383,533	31
	Total assets	$ 8,244,853	100	7,694,759	100

	Liabilities and Equity	December 31, 2022 Amount	%	December 31, 2021 (Restated) Amount	%
	Current liabilities:				
2100	Short-term borrowings (Note 6(m))	$ 1,100,000	13	1,000,000	13
2110	Short-term notes and bills payable (Note 6(n))	199,619	3	-	-
2120	Current financial liabilities at fair value through profit or loss (Notes 6(b) and (g))	13,651	-	7,522	-
2130	Contract liability (Note 6(v))	155,234	2	184,710	3
2170	Accounts payable (Note 7)	1,711,387	21	1,177,226	15
2200	Other payables (Note 7)	368,711	5	434,408	6
2280	Current lease liabilities (Notes 6(p) and 7)	30,431	-	24,168	-
2310	Advance receipts	-	-	22,614	-
2320	Long-term borrowings, current portion (Note 6(o))	13,915	-	14,325	-
2399	Other current liabilities	1,295	-	1,124	-
		3,594,243	44	2,866,097	37
	Non-Current liabilities:				
2500	Non-current financial liabilities at fair value through profit or loss (Notes 6(b) and (g))	63,144	1	97,986	1
2540	Long-term borrowings (Note 6(o))	223,425	3	237,044	3
2580	Non-current lease liabilities (Notes 6(p) and 7)	117,387	1	123,239	2
2640	Other non-current liabilities (Note 6(s))	4,417	-	1,250	-
		408,373	5	459,519	6
	Total liabilities	4,002,616	49	3,325,616	43
3100	Share capital (Note 6(t))	1,883,573	23	1,883,573	24
3200	Capital surplus (Notes 6(f), (g), (h) and (t))	1,272,747	15	1,275,919	17
3310	Legal reserve (Note 6(t))	441,048	5	383,289	5
3320	Special reserve (Note 6(t))	30,343	-	-	-
3350	Unappropriated retained earnings (Note 6(t))	631,634	8	778,125	10
3400	Other equity interest	(17,108)	-	(30,343)	-
	Subtotal equity	4,242,237	51	4,290,563	56
35XX	**Equity attributable to former owner of business combination under common control**	-	-	78,580	1
	Total equity	4,242,237	51	4,369,143	57
	Total liabilities and equity	$ 8,244,853	100	7,694,759	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

		For the years ended December 31, 2022		2021 (Restated)	
		Amount	%	Amount	%
4000	**Operating revenue** (Notes 6(v) and 7)	$ 9,852,906	100	9,437,728	100
5000	**Operating costs** (Notes 6(e) and 7)	8,528,838	87	8,259,037	88
	Gross profit	1,324,068	13	1,178,691	12
	Operating expenses (Notes 6(c), (r), (w), 7 and 12):				
6100	Selling expenses	726,650	7	603,782	6
6200	General and administrative expenses	157,246	2	151,884	2
6300	Research and development expense	29,473	-	23,683	-
6450	Reversal of expected credit loss	-	-	(15,300)	-
		913,369	9	764,049	8
	Net operating income	410,699	4	414,642	4
	Non-operating income and expenses:				
7010	Other income (Notes 6(p), (q), (x) and 7)	30,290	-	17,729	-
7100	Interest income	1,042	-	355	-
7020	Other gains and losses (Notes 6(i), (x) and 7)	110,032	1	189,859	2
7050	Finance costs (Notes 6(p), (x) and 7)	(15,774)	-	(10,445)	-
7070	Share of profit (loss) of subsidiaries and associates accounted for using equity method (Note 6(f))	(21,266)	-	73,674	1
		104,324	1	271,172	3
	Profit before income tax	515,023	5	685,814	7
7950	**Less: Income tax expenses** (Note 6(s))	96,797	1	101,234	1
	Profit	418,226	4	584,580	6
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss**				
8330	Share of other comprehensive income of subsidiaries and associates for using equity method (Note 6(f))	192	-	(83)	-
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Items that may not be reclassified subsequently to profit or loss	192	-	(83)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	13,043	-	(30,260)	-
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	Items that may be reclassified subsequently to profit or loss	13,043	-	(30,260)	-
8300	**Other comprehensive income, net of tax**	13,235	-	(30,343)	-
	Total comprehensive income	**$ 431,461**	**4**	**554,237**	**6**
	Profit (loss) attributable to:				
	Owners of parent	$ 412,505	4	577,591	6
	Former owner of business combination under common control	5,721	-	6,989	
		$ 418,226	**4**	**584,580**	**6**
	Comprehensive income (loss) attributable to:				
	Owners of parent	$ 425,740	4	547,248	6
	Former owner of business combination under common control	5,721	-	6,989	-
		$ 431,461	4	554,237	6
	Earnings per share (Note 6(u)):				
9750	**Basic earnings per share (NT dollars)**	**$**	**2.19**		**3.07**
9850	**Diluted earnings per share (NT dollars)**	**$**	**2.17**		**3.04**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

			Retained earnings			Total other equity interest					
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from investment in equity instruments measured at fair value through other comprehensive income	Remeasurements of defined benefit	Subtotal equity	Equity attributable to former owner of business combination under common control	Total equity
Balance on January 1, 2021 (Restated)	$ 1,883,573	1,333,011	328,387	-	726,330	-	-	-	4,271,301	153,960	4,425,261
Profit	-	-	-	-	577,591	-	-	-	577,591	6,989	584,580
Other comprehensive income	-	-	-	-	-	(29,705)	(2)	(636)	(30,343)	-	(30,343)
Comprehensive income	-	-	-	-	577,591	(29,705)	(2)	(636)	547,248	6,989	554,237
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	54,902	-	(54,902)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(470,894)	-	-	-	(470,894)	-	(470,894)
Reorganization	-	(57,631)	-	-	-	-	-	-	(57,631)	(82,369)	(140,000)
Difference between consideration and carrying amount of subsidiaries' share acquired	-	(440)	-	-	-	-	-	-	(440)	-	(440)
Changes in equity of associates accounted for using equity method	-	979	-	-	-	-	-	-	979	-	979
Balance on December 31, 2021 (Restated)	1,883,573	1,275,919	383,289	-	778,125	(29,705)	(2)	(636)	4,290,563	78,580	4,369,143
Profit	-	-	-	-	412,505	-	-	-	412,505	5,721	418,226
Other comprehensive income	-	-	-	-	-	12,874	(171)	532	13,235	-	13,235
Comprehensive income	-	-	-	-	412,505	12,874	(171)	532	425,740	5,721	431,461
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	57,759	-	(57,759)	-	-	-	-	-	-
Special reserve	-	-	-	30,343	(30,343)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(470,894)	-	-	-	(470,894)	-	(470,894)
Capital reduction	-	-	-	-	-	-	-	-	-	(56,600)	(56,600)
Reorganization	-	(3,299)	-	-	-	-	-	-	(3,299)	(27,701)	(31,000)
Changes in equity of subsidiaries and associates accounted for using equity method	-	80	-	-	-	-	-	-	80	-	80
Proceeds from the disposal of forfeited funds from employee stock ownership trust	-	47	-	-	-	-	-	-	47	-	47
Balance on December 31, 2022	**$ 1,883,573**	**1,272,747**	**441,048**	**30,343**	**631,634**	**(16,831)**	**(173)**	**(104)**	**4,242,237**	**-**	**4,242,237**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(In Thousands of New Taiwan Dollars)

	For the years ended December 31, 2022	For the years ended December 31, 2021 (Restated)
Cash flows from operating activities:		
Profit before income tax	$ 515,023	685,814
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	66,383	57,906
Amortization expense	745	769
Gains on disposal of property, plant and equipment	-	(136)
Reversal of expected credit loss	-	(15,300)
Net gains on valuation of financial assets (liabilities) at fair value through profit or loss	(63,620)	(76,542)
Share of profit (loss) of subsidiaries and associates accounted for using equity method	21,266	(73,674)
Gain on disposal of subsidiaries	-	(20,696)
Loss on disposal of associates	15	-
Gain on disposal of non-current assets held for sale	-	(57,528)
Interest expense	15,774	10,445
Interest income	(1,042)	(355)
Dividend income	(13,671)	(7,812)
Total adjustments to reconcile profit (loss)	25,850	(182,923)
Changes in operating assets and liabilities:		
Total net changes in operating assets:		
Current financial assets at fair value through profit or loss	-	150,043
Notes and accounts receivable (including long-term and related parties)	(28,141)	(646,202)
Inventories	(465,618)	258,693
Other current assets	11,266	(4,126)
Other non-current assets	(590)	-
Total net changes in operating assets	(483,083)	(241,592)
Total net changes in operating liabilities:		
Contract liability	(29,476)	(111,126)
Accounts payable	534,161	(285,782)
Other payables	(48,870)	45,016
Advance receipts	(22,614)	9,295
Other current liabilities	171	214
Total net changes in operating liabilities	433,372	(342,383)
Total net changes in operating assets and liabilities	(49,711)	(583,975)
Total adjustments	(23,861)	(766,898)
Cash inflows (outflows) generated from operations	491,162	(81,084)
Interest received	1,040	355
Dividends received	49,237	32,263
Interest paid	(15,798)	(10,336)
Income taxes paid	(97,708)	(97,417)
Net cash inflows (outflow) from operating activities	427,933	(156,219)
Cash flows from investing activities:		
Acquisition of non-current financial assets at fair value through profit or loss	(130,856)	(100,000)
Acquisition of investments accounted for using equity method	(31,000)	(367,495)
Proceeds from disposal of investments accounted for using equity method	-	49,890
Return of capital from investments accounted for using equity method	565	-
Proceeds from disposal of non-current assets as held for sale	-	181,450
Acquisition of property, plant and equipment	(6,579)	(6,127)
Proceeds from disposal of property, plant, and equipment	-	708
Decrease (increase) in refundable deposits	(5,026)	4,256
Net cash outflows from investing activities	(172,896)	(237,318)
Cash flows from financing activities:		
Increase in short-term borrowings	100,000	700,000
Increase in short-term notes and bills payable	199,619	-
Repayments of long-term borrowings	(14,029)	(14,160)
Increase(decrease) in guarantee deposits	62	(330)
Payments of lease liabilities	(30,909)	(24,859)
Cash dividends paid	(470,894)	(470,894)
Proceeds from the disposal of forfeited funds from employee stock ownership trust	47	-
Net cash inflows (outflows) from financing activities	(216,104)	189,757
Increase (decrease) in cash and cash equivalents	38,933	(203,780)
Cash and cash equivalents, beginning of period	385,915	589,695
Cash and cash equivalents, end of period	$ **424,848**	**385,915**

See accompanying notes to parent company only financial statements.

(1) Company history

METAAGE CORPORATION ("the Company"), formerly called SYSAGE TECHNOLOGY CO., LTD., was incorporated on April 16, 1998 under the approval of Ministry of Economic Affair, Republic of China("R.O.C."). The Company changed the name to METAAGE CORPORATION in June, 2022. The address of its registered office is 10F, No. 516, Sec. 1, Neihu Rd., Taipei City 114064, Taiwan (R.O.C.). The Company' s major business activities include distributing and reselling products of software and hardware equipment of ICT Infrastructures from Cisco and other companies, Computing & Data Utilization from IBM, Dell, EMC, and other companies, Digitalization from Oracle and other companies. The Company provides integrated planning for the products it sells, including related services of consulting, education and training as well as research, development of software of information applications, services and sales business.

The Company had fully acquired COREX (PTY) LTD ("COREX") from Partner Tech Corporation ("Partner Tech") by cash on January 4, 2021, and had fully acquired Metaguru Corporation ("Metaguru") from BenQ Guru Holding Limited ("GSH") by cash on December 1, 2022. Partner Tech, GSH and the Company have the same ultimate parent, which is Qisda Corporation. The transaction are an organizational reorganization under common control; please refer to Note 6(g) for details.

(2) Approval date and procedures of the parent company only financial statements:

The parent company only financial statements have been authorized for issue by the Board of Directors on Febuary 23, 2023.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its parent company only financial statements, from January 1, 2022:

- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(Continued)

(b) The impact of IFRSs issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its parent company only financial statements:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

(c) The impact of IFRS issued by International Accounting Standards Board ("IASB") but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by IASB, but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments has removed the requirement for a right to be unconditional and instead now requires that a right to defer settlement must exist at the reporting date and have substance. The amendments clarify how a company classifies a liability that can be settled in its own shares – e.g. convertible debt.	January 1, 2024

(Continued)

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Non-current Liabilities with Covenants"	After reconsidering certain aspects of the 2020 amendments1, new IAS 1 amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability' s classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.	January 1, 2024

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its parent company only financial position and parent company only financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its parent company only financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- IFRS16 "Requirements for Sale and Leaseback Transactions"

(4) Summary of significant accounting policies:

The significant accounting policies applied in the preparation of these parent company only financial statements are set out as below. Except for those specifically indicated, the following accounting policies have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (" the Regulations").

(Continued)

(b) Basis of preparation

(i) Basis of measurement

Except for financial assets (liabilities) at fair value through profit or loss, the parent company only financial statements have been prepared on a historical cost basis.

(ii) Functional and presentation currency

The functional currency is determined based on the primary economic environment in which the Company operates. The parent company only financial statements are presented in New Taiwan Dollars, the Company’ s functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(iii) Business combinations under common control

The business combinations under common control often occur as the ownership of the company change to another but they are both controlled by the same ultimate parent company. These combinations are treated as the later of either the earliest comparative period in financial statements or the date under common control to restate comparative information of prior period. Under common control, assets and liabilities are recognized at their original carrying amount. The parent company only financial statements do not recognize the goodwill or the fair value of acquirer’ s share of the acquiree’ s interest in the acquiree’ s identifiable assets, liabilities, and contingent liabilities in excess of the common controlled carrying amount.

In preparing the balance sheet, the equity from acquisition record as “Equity attributable to former owner of business combination under common control” ; In preparing the statements of comprehensive income, the profit or loss belong to former controlling shareholders record as “profit (loss), attributable to former owner of business combination under common control”.

(c) Foreign currency transactions and operations

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (“the reporting date”) monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies measured based on historical cost are translated using the exchange rate at the date of transaction.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(Continued)

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting date; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in its normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting date; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amount of cash and are subject to an insignificant risk of changes in their fair value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(Continued)

(f) Financial assets

Accounts receivables issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at amortized cost or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus/minus the cumulative amortization using the effective interest method, and adjusted for any loss allowance. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through profit or loss

All financial assets not classified as amortized cost or fair value through comprehensive income ("FVOCI") described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These assets are subsequently measured at fair value.

Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

(Continued)

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses ("ECL") on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposits and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months)

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company' s historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly once it is past due.

The Company considers a financial asset to be in default when the financial asset is more than 120 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

ECL are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

(Continued)

At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(Continued)

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement and the definitions of a financial liability and an equity instrument.

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received less the direct issuing cost.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(Continued)

(iii) Derivative financial instruments

Derivatives held for hedging risk exposure to currency and interest rate are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss.

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The costs of inventories weighted-average principle include expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses.

(h) Non-current assets classified as held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through a sale transaction, rather than through continuing use, are reclassified as non-current assets held for sale. Immediately before the initial classification of the non-current assets or disposal groups as held for sale, the carrying amount of the assets (or all the assets and liabilities in the group) is measured in accordance with the Company' s applicable accounting policies. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell.

Once classified as held for sale, intangible assets and property, plant and equipment, are no longer amortized or depreciated and any equity-accounted investee is no longer equity accounted.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The parent company only financial reports include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company from the date on which significant influence commences until the date on which significant influence ceases. When an associate' s equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes of the Company' s shareholding percentage in the associate, the Company recognizes equity changes attributable to the Company by its shareholding percentage as capital surplus.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated party's interests in the associate.

(Continued)

When the Company's share of losses of an associate equal or exceed its interest in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Company's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method when preparing the parent company only financial reports. There is no difference between net income and comprehensive income in the Company's parent company only financial statements and net income and comprehensive income attributable to stockholders of the parent. The equity in the Company's parent company only financial statements and the equity attributable to stockholders of the parent in the Company's consolidated financial statements are also the same.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(k) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful lives, and residual value which are the same as those adopted for property, plant, and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(Continued)

(l) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant, and equipment are measured at cost, which includes capitalized borrowing cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant, and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant, and equipment are as follows:

1) Buildings and improvements: 50 years

2) Office and other equipment: 2 to 7 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(m) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(Continued)

(i) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company' s incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments or penalties for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the assessment of whether it will have the option to exercise a purchase; or

— there is a change in its assessment of whether it will exercise an extension or termination option; or

— there is any lease modification in lease subject, scope of the lease, or other terms.

(Continued)

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Company has elected not to recognize right of use assets and lease liabilities for short term leases of office equipment of low value assets, The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

For operating lease, the Company recognizes rental income on a straight-line basis over the lease term.

(n) Impairment of non-derivative financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’ s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (“CGU”). Goodwill arising from a business combination is allocated to CGU or groups of CGU that are expected to benefit from the synergies of the combination.

(Continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior years.

(o) Revenue from contracts with customers

Revenue is measured basing on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The following is a description of the Company's major revenues:

(i) Sale of goods

Revenue is recognized when the control over a product has been transferred to the customer. When the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional. Advance sales receipts are recognized as contract liabilities and are transferred to revenue upon the delivery of goods.

(ii) Services

The Company provides installation and maintenance services on hardware and software. The recognition of the revenue generated was based on the progress towards completing the transaction recognized by the two parties as of the reporting date.

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(Continued)

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(q) Income taxes

Income taxes include both current taxes and deferred taxes. Except for expenses related to business combinations, or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted on the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(r) Business combination

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

All acquisition-related transaction costs incurred are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Company measures any non-controlling equity interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, if the non-controlling interests are present ownership interests and entitle their holders to a proportionate share of the acquire' s net assets in the event of liquidation. Other components of non-controlling interest are measured at their acquisition date fair values, unless another measurement basis is required by IFRSs endorsed by FSC.

The Company recognizes the acquisition-date fair value of the contingent consideration as part of the consideration transferred. The cost of the acquisition and measuring goodwill will retrospectively be adjusted when some changes in the fair value of contingent consideration that the Company recognizes have been made after the acquisition date. Measurement period adjustments is the result of additional information that the Company obtained after that date about facts and circumstances that existed at the acquisition date. The measurement period will not exceed one year from the acquisition date. The Company accounts for the changes in the fair value of contingent consideration that are not measurement period adjustments based on the classification of contingent consideration. Contingent consideration classified as equity shall not be remeasured and its subsequent settlement will be accounted for within equity. Others will be measured at fair value at each reporting date and changes in fair value will be recognized in profit or loss.

(Continued)

(s) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted-average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise accrued employee remuneration.

(t) Operating segments

Please refer to the Company's consolidated financial statements for the year ended December 31, 2022, for further details.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing the parent company only financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates are recognized during the period and the impact of those changes in accounting estimates are recognized in the following period.

Regarding control of investees or judgment of significant influence, please refer to the Company's consolidated financial statements for the year ended December 31, 2022, for further details. There are no critical judgments made in applying the accounting policies that have significant effects on the amounts recognized in the parent company only financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

(a) Valuation of inventories

As inventories are measured at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for normal loss, obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(e) for the valuation of inventories.

(b) Valuation of impairment of goodwill arising from investment subsidiaries

The carrying amounts of investments in subsidiaries include goodwill arising from the acquisition, the assessment of impairment of goodwill requires the Company to make subjective judgments to identify CGU, allocate the goodwill to relevant CGU, and estimate the recoverable amount of relevant CGU. Any changes in these estimates based on the change in economic conditions or business strategies could result in significant adjustments.

(Continued)

Valuation process

The Company's accounting policies and disclosure include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: 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).
- Level 3: input for the asset or liability is not based on the observable market information.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash on hand and petty cash	$ 250	300
Check and demand deposits	424,598	385,615
	$ 424,848	**385,915**

(b) Financial assets and liabilities at fair value through profit or loss

(i) Details are set out in the following table:

	December 31, 2022	December 31, 2021
Financial assets at fair value through profit or loss:		
Current:		
Pre-purchased forward exchange contracts	$ 623	-
Non-current:		
Foreign and domestic unlisted stocks	280,153	240,694
Domestic unlisted equities	230,691	97,602
Total	**$ 511,467**	**338,296**

(Continued)

		December 31, 2022	December 31, 2021
Financial liabilities at fair value through profit or loss:			
Current:			
Pre-purchased forward exchange contracts	$	(13,651)	(2,286)
Contingent considerations arising from business combinations		-	(5,236)
Non-current:			
Contingent considerations arising from business combinations		(63,144)	(97,986)
	$	**(76,795)**	**(105,508)**

The above contingent considerations arising from business combinations were generated from the merger of COREX, the Partner Tech' s sale and purchase agreement and the related accessory contracts from the prior year, and the merger of STATINC. Under the contingent consideration arrangement, the contingent consideration was estimated by the discounted cash flow method based on the future profitability of each subsidiary.

(ii) Derivative financial instruments are used to hedge assets or liabilities denominated in foreign currencies for risks arising from exchange rate fluctuations. The following table sets out the Company's derivatives recognized as held-for-trading financial assets and liabilities to which hedging accounting was not applicable:

	December 31, 2022		
Financial instruments	**Nominal amounts**	**Maturity period**	**Pre-agreed exchange rate**
Pre-purchased forward exchange contracts			
Buy USD/Sell NTD	USD33,350 thousand	2023.01.01~ 2023.04.19	30.224~ 32.045

	December 31, 2021		
Financial instruments	**Nominal amounts**	**Maturity period**	**Pre-agreed exchange rate**
Pre-purchased forward exchange contracts			
Buy USD/Sell NTD	USD14,240 thousand	2022.01.01~ 2022.03.01	27.692~ 27.895
Buy NTD/Sell RMB	RMB 1,000 thousand	2022.03.31~ 2022.04.15	4.296

(Continued)

(c) Notes and accounts receivable (including long-term and related parties)

		December 31, 2022	December 31, 2021
Notes receivable (including long-term)	$	126,490	275,999
Accounts receivable		2,317,459	2,123,615
Accounts receivable due from related parties (including long-term)		117,813	134,201
Less: loss allowance		(21,191)	(21,385)
Total	$	**2,540,571**	**2,512,430**
Current	$	2,498,408	2,437,344
Non-current		42,163	75,086
Total	$	**2,540,571**	**2,512,430**

(i) The Company did not discount or provide any of the notes and accounts receivable (including long-term and related parties) as collateral. The above-mentioned notes and accounts receivable, whose maturity period were less than one year, were not discounted and their carrying amounts were presumed to approximate their fair values.

(ii) Non-current notes receivable mainly arose from installment sales.

(iii) The Company applies the simplified approach to provide for its ECL, the use of lifetime ECL provision for all notes and accounts receivables (including long-term and related parties). To measure the ECL, notes and accounts receivable have been grouped based on shared credit risk characteristics and customer’s ability to pay all the amounts due based on the terms of the contract as well as incorporated forward-looking information. The analysis of ECL on notes and accounts receivable was as follows:

		December 31, 2022		
		Gross carrying amount of notes and accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Current	$	2,467,829	0.07%	1,634
1 to 30 days past due		45,049	3.00%	1,351
31 to 60 days past due		16,162	10.00%	1,616
61 to 90 days past due		1,883	20.00%	377
91 to 120 days past due		1,433	50.00%	717
More than 121 days past due		29,406	52.70%	15,496
	$	**2,561,762**		**21,191**

(Continued)

	December 31, 2021		
	Gross carrying amount of notes and accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Current	$ 2,460,719	0.12%	2,940
1 to 30 days past due	24,716	3.00%	742
31 to 60 days past due	8,714	10.00%	871
61 to 90 days past due	1,422	20.00%	284
91 to 120 days past due	2,494	50.00%	1,247
More than 121 days past due	35,750	42.80%	15,301
	$ 2,533,815		**21,385**

(iv) The movements in the loss allowance for notes and accounts receivable (including long-term and related parties) were as follows:

	For the years ended December 31	
	2022	2021
Beginning balance	$ 21,385	42,500
Impairment losses (reversal of impairment loss)	-	(15,300)
Transferred to other receivables	(194)	(5,815)
Ending balance	**$ 21,191**	**21,385**

(d) Other receivables

	December 31, 2022	December 31, 2021
Other receivables	$ 7,481	21,519
Less: loss allowance	(1,563)	(19,641)
	$ 5,918	**1,878**

(i) As of December 31, 2022 and 2021, there was no other receivable that was past due but not impaired.

(ii) The movements in the loss allowance for other receivables were as follows:

	For the years ended December 31	
	2022	2021
Beginning balance	$ 19,641	16,927
Write-offs of uncollectible amount for the period	(18,272)	(3,101)
Transferred from accounts receivable	194	5,815
Ending balance	**$ 1,563**	**19,641**

(Continued)

(e) Inventories

		December 31, 2022	December 31, 2021
Merchandise inventory	$	**2,914,551**	**2,460,115**

For the years ended December 31, 2022 and 2021, due to the write-down of inventories to net realizable value, a reversal gain of $43,000 thousand and $0, respectively, were recognized and reported as operating costs.

For the years ended December 31, 2022 and 2021, loss on scrap of inventories amounted to $43,161 thousand and $0 thousand, respectively.

(f) Investments accounted for using equity method

Investments accounted for using the equity method were as follows:

		December 31, 2022	December 31, 2021
Subsidiaries	$	606,326	719,973
Associates		115,854	110,312
	$	**722,180**	**830,285**

(i) Subsidiaries

1) Please refer to Notes 6(g), (h) and (i) for the acquisition and disposal of subsidiaries by the Company.

2) Please refer to the Company's consolidated financial statements for the year ended December 31, 2022, for details of subsidiaries.

(ii) Associates

1) As of February 1, 2021, the Company acquired 500 thousand shares of Everlasting Digital ESG Co., Ltd. (29.41% of ownership) by $5,000 thousand of cash. The price had been fully paid up.

2) The Company's shareholding in ADVANCEDTEK INTERNATIONAL is 34.09%. In January 2021, the Company obtained letters of support signed by original shareholders representing 20.36% of the company's shareholding, promising and supporting the Company to direct the company's significant operating activities and obtain more than half of the total number of directors of the Board. After evaluation, the Company has substantive control over ADVANCEDTEK INTERNATIONAL. Therefore, it has been included in the Company's only financial statements, and the Company obtained more than half of the total number of directors of the Board in May 2021; please refer to Note 6(g) for details.

3) In December 2021, GRANDSYS issued 1,913 thousand shares to be exercised as employee stock options, resulting in the Company’ s shareholding in GRANDSYS to decrease from 23.58% to 21.84%, and the Company’s capital surplus to increase by $158 thousand due to the change in equity. In February and April 2022, GRANDSYS issued 925 thousand and 162 thousand new shares, respectively, to be exercised as employee stock options. Resulting the Company’s shareholding in GRANDSYS to decrease from 21.84% to 20.96%, and the Company’ s capital surplus to increase by $73 thousand due to the change in equity.

4) Aggregate financial information of associates for using equity method that were not individually material was summarized as follows. The financial information was included in the Company’s parent company only financial statements.

		For the years ended December 31	
		2022	**2021**
Attributable to the Company:			
Profit	$	6,185	3,839
Other comprehensive income		(136)	349
Total comprehensive income	**$**	**6,049**	**4,188**

5) As of December 31, 2022 and 2021, none of the investments accounted for using the equity method was pledged as collateral, or otherwise subject to any restriction.

(g) Acquisition of the subsidiary

(i) Acquisition of the subsidiary- Metaguru

1) Acquisition of consideration transferred of the subsidiary

On December 1, 2022, the Company acquired 100% ownership of Metaguru amounting $31,000 thousand from GSH, and obtained control over Metaguru. Metaguru is primarily engaged in providing information software services and electronic information supply services. The Company acquired Metaguru to expend new customers through Metaguru's channel, and provide customers with more complete information system software, hardware and cloud product integration services.

(Continued)

2) Identifiable net assets acquired

The following table summarized the carrying amount of Metaguru’s identifiable assets acquired and liabilities assumed recognized at December 1, 2022:

Consideration transferred:		
Cash		$ 31,000
Carrying amounts of identifiable assets and liabilities acquired:		
Cash and cash equivalents	$ 25,325	
Notes and accounts receivable (including related parties)	8,438	
Prepayments	7	
Other current assets	388	
Other non-current assets	5,875	
Contract liabilities	(7,011)	
Notes and accounts payable	(2,839)	
Other payables	(2,057)	
Other current liabilities	(425)	27,701
Capital surplus		**$ 3,299**

The combination is an organizational reorganization under common control. Accordingly, the difference between the consideration paid and the carrying amount of the net identifiable assets of Metagurn is debited to the capital surplus of $3,299 thousand.

(Continued)

(ii) Acquisition of the subsidiary-COREX

1) Acquisition of consideration transferred of the subsidiary

On January 4, 2021, the Company acquired 100% ownership of COREX amounting $140,000 thousand from Partner Tech, and obtained control over COREX. COREX is primarily engaged in the sale of computer peripherals. The Company acquired COREX for its business and customers and expend its marketing channel in Africa.

In addition, the equity sale and purchase agreement and the Partner Tech' s sale and purchase agreement, as well as the related accessory contracts from the prior year, were as follows:

a) The sales unit of COREX, POS, merged with COREX due to business restructuring in February 2019. If the company makes a profit between June 1, 2018, and December 31, 2022, the amount paid to sellers of POS shall be calculated based on profit after tax for each year multiplied by 54% and exchanged at the fixed rate of ZAR to NTD of 2.1108 in accordance with the agreement.

b) If the company makes a profit between November 1, 2018 and December 31, 2023, the amount paid to sellers shall be calculated based on profit before tax for each year multiplied by 50% and exchanged at the fixed rate of ZAR to NTD of 2.1108 in accordance with the agreement. The limitation of accumulated profit before income tax during the period amounted to ZAR 240,000 thousand. If the accumulated profit before income tax does not reach the limited amount of ZAR 240,000 thousand, the Company shall decide whether to extend the period to December 31, 2025. The above-mentioned profit before income tax of each year is not included profit before tax from POS sales unit.

Under the contingent consideration arrangement, the Company estimated the contingent consideration based on discounted cash flow method. As of acquisition date, the future potential amount of the contingent payment that the Company has to pay amounted to $81,231 thousand, which is recorded as current and non-current financial liabilities at fair value through profit or loss.

The above agreement was revised in December 2021 as follows:

If the company makes a profit between May 31, 2018 and December 31, 2023, the amount paid in ZAR to sellers each year shall be calculated based on profit before tax for offsetting the accumulated losses from prior years, multiplied by 50% in accordance with the agreement. The limitation of accumulated profit before income tax during the period amounted to ZAR 240,000 thousand. If the accumulated profit before income tax does not reach the limited amount of ZAR 240,000 thousand, both companies will extend the period to December 31, 2025.

(Continued)

2) Identifiable net assets acquired

The following table summarized the carrying amount of COREX's identifiable assets acquired and liabilities assumed recognized at January 4, 2021:

Consideration transferred:				
Cash			$	140,000
Fair value of contingent considerations transferred				81,231
Carrying amounts of identifiable assets and liabilities acquired:				
Cash and cash equivalents	$	30,976		
Current financial assets at fair value through profit or loss		101		
Notes and accounts receivable (including related parties)		74,041		
Inventories		106,499		
Prepayments		34,255		
Other current assets		17,741		
Property, plant and equipment		4,027		
Right-of-use assets		16,629		
Intangible assets		117,304		
Other non-current assets		15,004		
Short-term borrowings		(84,759)		
Contract liabilities		(4,323)		
Notes and accounts payable		(22,376)		
Other payables		(117,837)		
Current lease liabilities		(8,462)		
Other current liabilities		(2,584)		
Non-current lease liabilities		(11,384)		
Other non-current liabilities		(1,252)		163,600
Capital surplus			**$**	**57,631**

The combination is an organizational reorganization under common control. Accordingly, the difference between the consideration paid and the carrying amount of the net identifiable assets of COREX is debited to the capital surplus of $57,631 thousand.

(Continued)

(iii) Acquisition of the subsidiary-STATINC

1) Acquisition of consideration transferred of the subsidiary

On February 4, 2021, the Company obtained 251 thousand ordinary shares from original shareholders from STATINC for $10,013 thousand. Furthermore, the Company subscribed 1,504 thousand preferred shares of STATINC for $60,010 thousand and obtained 35.01% of voting shares. The Company became the largest shareholder and had more than half directors of the Board; therefore, the Company has control over the company. STATINC is primarily provide services for enterprises such as market research, marketing consulting, and cloud database of Big data. The Company acquired STATINC for improving the software and hardware business of the Company and increase the enterprise’s value in finance and medical services.

In addition, according to the equity investment agreement, the former preferred stocks shall not be allowed to participate in the distribution of surplus in the three years preceding their holding and shall be forcibly converted into ordinary shares in proportion to one share after three years of holding. Under the contingent consideration arrangement, the Company estimated the contingent consideration based on discounted cash flow method and the shareholding ratio of 35.01%. As of acquisition date, the future potential amount of the contingent payment that the Company has to pay amounted to $23,298 thousand, which is recorded as current and non-current financial liabilities at fair value through profit or loss.

(Continued)

2) Identifiable net assets acquired

The following table summarized the fair value of STATINC' s identifiable assets acquired and liabilities assumed recognized at February 4, 2021:

Consideration transferred:				
Cash			$	70,023
Non-controlling interests				81,123
Fair value of contingent considerations transferred				23,298
Fair value of identifiable assets and liabilities assumed:				
Cash and cash equivalents	$	86,330		
Current contract assets		13,972		
Notes and accounts receivable, net		9,717		
Prepayments		2,199		
Other current assets		322		
Property, plant and equipment		1,056		
Right-of-use assets		1,675		
Intangible assets		35,216		
Deferred income tax assets		1,849		
Other non-current assets		7,747		
Short-term borrowings		(6,000)		
Notes and accounts payable		(2,669)		
Other payables		(12,574)		
Current lease liabilities		(1,706)		
Other current liabilities		(5,275)		
Other non-current liabilities		(1,402)		130,457
Goodwill			**$**	**43,987**

The carrying amount of the investments in subsidiaries accounted for using the equity method includes goodwill arising from the acquisition.

(Continued)

(iv) Acquisition of the subsidiary-ADVANCEDTEK INTERNATIONAL and its subsidiaries

1) Acquisition of the subsidiary

The Company holds 34.09% of the voting shares and is the largest shareholder of ADVANCEDTEK INTERNATIONAL. In January 2021, the Company obtained letters of support signed by original shareholders representing 20.36% of the company' s shareholding, promising and supporting the Company to direct the company's significant operating activities and obtain more than half of the total number of directors of the Board. The Company had control over ADVANCEDTEK INTERNATIONAL and its subsidiaries. In May 2021, the Company obtained more than half of the total number of directors of the Board. ADVANCEDTEK INTERNATIONAL mainly provides integrated service for domestic ERP systems and related consulting services of Oracle. The main activities included the sale consulting services of ERP and related systems. The Company expends its information-related consultancy service for strategic investment.

2) Identifiable net assets acquired

The following table summarized the fair value of ADVANCEDTEK INTERNATIONAL' s identifiable assets acquired and liabilities assumed recognized at January 4, 2021:

Consideration transferred:				
Fair value of pre-existing interest in the acquiree			$	32,120
Non-controlling interests				38,578
Fair value of identifiable assets acquired and liabilities assumed recognized at the acquisition date:				
Cash and cash equivalents	$	44,124		
Notes and accounts receivable, net		46,556		
Prepayments		11,155		
Other current assets		691		
Property, plant and equipment		630		
Right-of-use assets		21,185		
Intangible assets		44		
Other non-current assets		11,985		
Contract liability		(35,974)		
Notes and accounts payable		(9,434)		
Other payables		(11,088)		
Current lease liabilities		(5,423)		
Non-current lease liabilities		(15,884)		58,567
Goodwill			**$**	**12,131**

(Continued)

The carrying amount of the investments in subsidiaries accounted for using the equity method includes goodwill arising from the acquisition.

(v) Impairment test on goodwill

The Company evaluated the recoverable amounts of its goodwill, which is based on its value-in-use, for impairment testing at the reporting date. Value-in-use is based on three to four years of the estimated future cash flow, according to the future operation plan of the Company, discounted to their present value using the yearly discount rate, which reflects the risks specific to CGU by 8.81%~18.35% and 8.19%~14.75% , for the years ended December 31, 2022 and 2021, respectively. There were no impairment losses of goodwill in 2022 and 2021.

(h) Changes in ownership interest in a subsidiary

(i) On March 2, 2021, the Company subscribed 4,000 thousand shares of EPIC CLOUD INFORMATION INTEGRATION for $40,000 thousand. On March 29, 2021, the Company paid $500 thousand for 50 thousand shares from the original shareholders and paid $100 thousand for 10 thousand shares from GLOBAL INTELLIGENCE NETWORK in the same month. Therefore, the Company’s shareholding ratio increased to 100%, and capital surplus decreased by $440 thousand due to changes in equity.

(i) Loss control of subsidiaries

(i) Disposal of subsidiary-NEO TREND TECH

On February 26, 2021, the Company disposed the entire shares of its subsidiary, NEO TREND TECH, with the approval of the Chairman. The contract of purchase and sale of shares had been signed, and disposal-related matters had been completed. Therefore, the Company had lost control over its subsidiary. As of the disposal date, the carrying amount of investments accounted for using equity method and the disposal price, which had been fully received, were $29,154 thousand and $50,000 thousand, respectively, resulting in a gain of $20,696 thousand (including the deduction of the expenditure associated with the consideration of $150 thousand), to be recorded as other gains and losses.

(ii) Disposal of the subsidiary-DAWNING TECHNOLOGY

On November 5, 2020, a change in the shareholding of the Company in its subsidiary, DAWNING TECHNOLOGY, had been made based on resolution approved during the Board meeting. Accordingly, the carrying amount of investments accounted for using equity method of $123,922 thousand was recognized as non-current assets classified as held-for-sale on December 31, 2020. However, on January 4, 2021, the Company entered into an agreement and completed the sale of its shares in Dawning Technology at the disposal price of $181,997 thousand, which had been fully received, resulting in a gain amounting to $57,528 thousand (including the deduction of the expenditure associated with the consideration of $547) to be recorded as other gains and losses. Thereafter, the Company lost control over DAWNING TECHNOLOGY.

(Continued)

(j) Property, plant and equipment

Information about the movement of costs and accumulated depreciation of property, plant and equipment was presented below:

		Land	Buildings	Office and other equipment	Total
Cost:					
Balance on January 1, 2022	$	521,816	338,965	146,305	1,007,086
Additions		-	-	6,579	6,579
Disposal		-	-	(26,615)	(26,615)
Transferred to investment property		(17,224)	(10,541)	-	(27,765)
Transferred from inventories		-	-	11,182	11,182
Balance on December 31, 2022	**$**	**504,592**	**328,424**	**137,451**	**970,467**
Balance on January 1, 2021	$	495,211	324,912	178,602	998,725
Additions		-	-	6,127	6,127
Disposal		-	-	(53,970)	(53,970)
Transferred from investment property		26,605	14,053	-	40,658
Transferred from inventories		-	-	15,546	15,546
Balance on December 31, 2021	**$**	**521,816**	**338,965**	**146,305**	**1,007,086**
Accumulated depreciation:					
Balance on January 1, 2022	$	-	73,396	91,644	165,040
Depreciation		-	6,602	28,145	34,747
Disposal		-	-	(26,615)	(26,615)
Transferred to investment property		-	(6,439)	-	(6,439)
Balance on December 31, 2022	**$**	**-**	**73,559**	**93,174**	**166,733**
Balance on January 1, 2021	$	-	63,689	119,656	183,345
Depreciation		-	6,722	25,386	32,108
Disposal		-	-	(53,398)	(53,398)
Transferred from investment property		-	2,985	-	2,985
Balance on December 31, 2021	**$**	**-**	**73,396**	**91,644**	**165,040**
Carrying amount:					
December 31, 2022	**$**	**504,592**	**254,865**	**44,277**	**803,734**
December 31, 2021	**$**	**521,816**	**265,569**	**54,661**	**842,046**
January 1, 2021	**$**	**495,211**	**261,223**	**58,946**	**815,380**

(Continued)

As of December 31, 2022 and 2021 property, plant, and equipment were pledged as collateral for short-term and long-term borrowings, please refer to Note 8.

(k) Right-of-use assets

Information about the movement of costs and accumulated depreciation of leases for which the Company as a lessee was presented below:

	Buildings
Cost:	
Balance on January 1, 2022	$ 214,195
Additions	31,320
Balance on December 31, 2022	**$ 245,515**
Balance on January 1, 2021	$ 212,194
Additions	5,258
Decrease	(3,257)
Balance on December 31, 2021	**$ 214,195**
Accumulated depreciation:	
Balance on January 1, 2022	$ 69,967
Depreciation	31,234
Balance on December 31, 2022	**$ 101,201**
Balance on January 1, 2021	$ 47,707
Depreciation	25,517
Decrease	(3,257)
Balance on December 31, 2021	**$ 69,967**
Carrying amount:	
December 31, 2022	**$ 144,314**
December 31, 2021	**$ 144,228**
January 1, 2021	**$ 164,487**

(Continued)

(l) Investment property

Information about the movement of costs and accumulated depreciation of investment property was presented below:

	Land	Buildings	Total
Cost:			
Balance on January 1, 2022	$ 24,777	14,355	39,132
Transferred from property, plant and equipment	17,224	10,541	27,765
Balance on December 31, 2022	**$ 42,001**	**24,896**	**66,897**
Balance on January 1, 2021	$ 51,382	28,408	79,790
Transferred to property, plant and equipment	(26,605)	(14,053)	(40,658)
Balance on December 31, 2021	**$ 24,777**	**14,355**	**39,132**
Accumulated depreciation:			
Balance on January 1, 2022	$ -	2,963	2,963
Depreciation	-	402	402
Transferred from property, plant and equipment	-	6,439	6,439
Balance on December 31, 2022	**$ -**	**9,804**	**9,804**
Balance on January 1, 2021	$ -	5,667	5,667
Depreciation	-	281	281
Transferred to property, plant and equipment	-	(2,985)	(2,985)
Balance on December 31, 2021	**$ -**	**2,963**	**2,963**
Carrying amount:			
December 31, 2022	**$ 42,001**	**15,092**	**57,093**
December 31, 2021	**$ 24,777**	**11,392**	**36,169**
January 1, 2021	**$ 51,382**	**22,741**	**74,123**
Fair value:			
December 31, 2022			**$ 184,080**
December 31, 2021			**$ 83,880**

(i) Investment property comprises a number of commercial properties which are leased to third parties. Each of the leases contains an initial non-cancellable period from 1 to 3 years. Subsequent renewals are negotiated with the lessee, and no contingent rents are charged. Please refer to Note 6(q) for further information (including rental income and related direct operating expense).

(Continued)

(ii) As there is no readily comparable information regarding the fair value of the aforementioned investment property, management determined its fair value according to the latest prices within the vicinity. The inputs used to evaluate the fair value belonged to Level 3.

(iii) As of both December 31, 2022 and 2021, investment property was pledged as collateral for short-term borrowings, please refer to Note 8.

(m) Short-term borrowings

(i) The details of the Company's short-term borrowings were as follows:

	December 31, 2022	December 31, 2021
Credit bank loans	$ 1,100,000	900,000
Secured bank loans	-	100,000
	$ 1,100,000	**1,000,000**
Range of interest rates at the end of period	**1.55%~1.85%**	**0.80%~0.84%**

(ii) For the collateral for bank loans, please refer to Note 8.

(n) Short-term notes and bills payable

(i) As of December 31, 2021, there were no short-term notes and bills payable. As of December 31, 2022, the short-term notes and bills payable were summarized as follows:

	December 31, 2022			
	Guarantee or acceptance institution	**Contract period**	**Range of interest rates**	**Amount**
Commercial paper payable	DAH CHUNG BILLS FINANCE CORP.	2022.12~ 2023.02	1.79%	$ 200,000
Less: Discount on short-term notes and bills payable				(381)
Total				**$ 199,619**

(ii) The Company has not pledged any assets as collateral to guarantee the payment of short-term notes and bills payable.

(Continued)

(o) Long-term borrowings

(i) The details of the Company's long-term borrowings were as follows:

	December 31, 2022			
	Currency	Range of interest rates	Maturity period	Amount
Secured bank loans	NTD	1.60%~1.83%	2023.01~2039.03	$ 237,340
Less: current portion				(13,915)
Total				**$ 223,425**
Unused credit lines				**$ -**

	December 31, 2021			
	Currency	Range of interest rates	Maturity period	Amount
Secured bank loans	NTD	1.10%~1.20%	2022.01~2039.03	$ 251,369
Less: current portion				(14,325)
Total				**$ 237,044**
Unused credit lines				**$ -**

(ii) For the collateral for bank loans, please refer to Note 8.

(p) Lease liabilities

(i) The carrying amounts of the Company's lease liabilities were as follows:

	December 31, 2022	December 31, 2021
Current	$ 30,431	24,168
Non-current	117,387	123,239
	$ 147,818	**147,407**

(ii) The amounts recognized in profit or loss were as follows：

	For the years ended December 31	
	2022	2021
Interest on lease liabilities	**$ 1,481**	**1,519**
Income from sub-leasing right-of-use assets	**$ 5,015**	**4,637**

(Continued)

The amounts recognized in the statements of cash flows of the Company were as follows:

	For the years ended December 31	
	2022	2021
Interest payments for lease liabilities in operating activities	$ 1,481	1,519
Payments of lease liabilities in financing activities	30,909	24,859
Total cash outflow for leases	**$ 32,390**	**26,378**

(iii) Real estate leases

As of December 31, 2022 and 2021, the Company leases buildings for its office and warehouse space. The leases typically run for 2 to 10 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(iv) For the Company's leased right-of-use assets under operating leases, please refer to Note 6(q).

(q) Operating leases

The Company leases out its investment property and right-of-use assets. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Notes 6(k) and 6(l).

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date was as follows:

	December 31, 2022	December 31, 2021
Less than one year	$ 10,258	7,104
1 to 2 years	10,278	1,139
2 to 3 years	4,973	1,159
3 to 4 years	1,174	1,174
4 to 5 years	1,174	1,174
More than 5 years	391	1,565
Undiscounted lease payments	**$ 28,248**	**13,315**

For the years ended December 31, 2022 and 2021, the amounts of rental income from investment property were $4,625 thousand and $2,880 thousand, respectively.

(r) Employee benefits－defined contribution plans

The Company allocates 6% of each employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

(Continued)

The Company’s pension costs under the defined contribution method amounted to $19,185 thousand and $16,469 thousand for the years ended December 31, 2022 and 2021, respectively. Payment to the Bureau of Labor Insurance has been made.

(s) Income taxes

(i) Income tax expenses:

Income tax expenses are summarized as follows:

	For the years ended December 31	
	2022	**2021**
Current income tax expenses	$ 80,905	98,674
Deferred income tax expenses	15,892	2,560
Income tax expenses	**$ 96,797**	**101,234**

(ii) The Company had no income taxes expenses recognized directly in equity and other comprehensive income.

(iii) Reconciliation of income tax expenses and profit before income tax was as follows:

	For the years ended December 31	
	2022	**2021**
Profit before income tax	$ 515,023	685,814
Income tax using the Company’s domestic tax rate	103,005	137,163
Undistributed earnings additional tax	930	1,161
Non-deductible expenses	18,551	11,853
Tax-exempt income	(2,734)	(17,216)
Share of profit accounted for using equity method	(5,205)	(10,865)
Gains on evaluation of financial assets	(14,872)	(15,626)
Others	(2,878)	(5,236)
Income tax expense	**$ 96,797**	**101,234**

(Continued)

(iv) Deferred income tax assets and liabilities

The Company had no unrecognized deferred income tax assets and liabilities. Changes in the amount of deferred income tax assets and liabilities for 2022 and 2021 were as follows:

	Fair value gains and others
Deferred income tax liabilities:	
Balance on January 1, 2022	$ 196
Debit profit or loss	3,105
Balance on December 31, 2022	**$ 3,301**
Balance on January 1, 2021	$ 1,914
Credit profit or loss	(1,718)
Balance on December 31, 2021	**$ 196**

	Inventory allowances	Allowance limit on bad debts	Others	Total
Deferred income tax assets:				
Balance on January 1, 2022	$ (44,400)	(3,099)	(5,039)	(52,538)
Debit profit or loss	8,600	3,099	1,088	12,787
Balance on December 31, 2022	**$ (35,800)**	**-**	**(3,951)**	**(39,751)**
Balance on January 1, 2021	$ (44,400)	(8,065)	(4,351)	(56,816)
Debit profit or loss	-	4,966	(688)	4,278
Balance on December 31, 2021	**$ (44,400)**	**(3,099)**	**(5,039)**	**(52,538)**

(v) The Company’ s income tax returns have been assessed and approved by the R.O.C. tax authority through the years to 2020.

(t) Capital and other equity

As of both December 31, 2022 and 2021, the Company’s authorized shares amounted to $2,500,000 thousand, divided into 250,000 thousand shares, with par value of $10 per share. The issued 188,357 thousand shares comprised only ordinary shares, and all issued shares were paid up upon issuance.

(Continued)

(i) Capital surplus

The components of capital surplus were as follows:

	December 31, 2022	December 31, 2021
Share capital premium	$ 1,189,020	1,192,319
Treasury share transactions	54,637	54,637
Difference arising from subsidiary's share price and its carrying value from acquired or disposed of	27,984	27,984
Changes in equity of associates accounted under equity method and others	1,106	979
	$ 1,272,747	**1,275,919**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends in proportion to shareholders held. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total paid-in capital. The capital increases by transferring capital surplus in excess of par value shall be capitalized in the subsequent year after such capital reserve has been authorized for registration by the regulatory agency.

(ii) Retained earnings

In accordance with the Articles of Association, if there are earnings at year end, 10 percent should be set aside as legal reserve (unless the amount in the legal reserve is already equal to or greater than the total paid-in capital) and special reserve shall be appropriated or reversed, according to operating requirements or regulations of the Company, after the payment of income tax and offsetting the accumulated losses from prior years. The remaining portion will be combined with the earnings from prior years, and the Board of Directors can propose the distribution plan to be approved during the shareholders' meeting. The abovementioned distribution plan, by way of cash dividends, should be approved by the Company' s Board of Directors and should be reported during the Company' s shareholder' s meeting.

As the Company is in its growth phase, it has adopted a residual dividend policy to pay the dividends after the end of the year from the earnings of the current year and the accumulated earnings from prior years. If there are earnings at year end and the current unappropriated retained earnings exceeded the lower of 2% of the capital stock, the distribution ratio for dividends shall not be less than 10% of the current unappropriated retained earnings after taking into consideration the Company's profit, capital structure, and future operating needs. Dividends are distributed as either cash or stock, where cash dividends represent no less than 10% of the total dividends and the actual amount distributed is based on the amount approved by the Board of directors.

(Continued)

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and provided that the balance of the reserve exceeds 25% of the Company's paid in capital.

2) Special reserve

In accordance with FSC, when distributing distributable earnings, the Company records the net decrease in other shareholders' equity from profit after income tax for the current period plus the current-period unappropriated retained earnings not included in the current profit after income tax and prior undistributed earnings to be added to special earnings reserve. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

If the subsidiary continues to hold the stocks of its parent company in the end of the period, with a market value lower than the book value, the Company shall allocate its special reserve, pro-rata to the shareholding percentage thereof, in an amount equals to the difference between the market value and the book value; also, the special reserve may not be distributed. If the market value subsequently increases, the Company may reverse the amount of special reserve, pro-rata to the shareholding percentage, corresponding to the amount by which the value has increased.

3) Earnings distribution

On February 24, 2022, cash dividends in the distribution plan for 2021 had been approved at the Board of Directors meeting, and other items of earnings distribution had been approved in shareholder' s meeting on May 26, 2022. The cash dividends of earnings distribution for 2020 had been approved at the Board of Directors meeting on February 25, 2021, and other items of earnings distribution had been approved in shareholder's meeting on August 25, 2021.

	For the years ended December 31	
	2021	**2020**
Dividends to shareholders - cash, $2.5 per share	**$ 470,894**	**470,894**

(Continued)

(u) Earnings per share

The Company's basic and diluted earnings per share were calculated as follows:

	For the years ended December 31 2022	2021
Basic earnings per share:		
Profit attributable to the Company	$ **412,505**	**577,591**
Weighted-average number of ordinary shares outstanding (basic/thousand shares)	**188,357**	**188,357**
Earnings per share (dollars)	$ **2.19**	**3.07**

	For the years ended December 31 2022	2021
Diluted earnings per share:		
Profit attributable to the Company	$ **412,505**	**577,591**
Weighted-average number of ordinary shares outstanding (diluted/ thousand shares)	**189,979**	**190,083**
Earnings per share (dollars)	$ **2.17**	**3.04**

	For the years ended December 31 2022	2021
Weighted-average number of ordinary shares outstanding (basic/ thousand shares)	188,357	188,357
Effect of employee remuneration	1,622	1,726
Weighted-average number of ordinary shares outstanding (diluted/thousand shares)	**189,979**	**190,083**

(v) Revenue from contracts with customers

(i) Details of revenue

	2022				
	ICT Infrastructures	**Computing & Data Utilization**	**Digitalization**	**Clouds, Software and Services**	**Total**
Major product/service lines:					
Sale of goods	$ 3,798,413	4,172,376	909,271	293,487	9,173,547
Services rendered	-	-	-	679,359	679,359
Total	$ **3,798,413**	**4,172,376**	**909,271**	**972,846**	**9,852,906**

(Continued)

	2021					
		ICT Infrastructures	Computing & Data Utilization	Digitalization	Clouds, Software and Services	Total
Major product/service lines:						
Sale of goods	$	3,433,251	3,814,184	1,622,257	232,523	9,102,215
Services rendered		-	-	-	335,513	335,513
Total	$	3,433,251	3,814,184	1,622,257	568,036	9,437,728

(ii) Contract balances

		December 31, 2022	December 31, 2021	January 1, 2021
Notes receivable (including long-term)	$	126,490	275,999	172,478
Accounts receivable (including related parties)		2,435,272	2,257,816	1,720,950
Less: loss allowance		(21,191)	(21,385)	(42,500)
	$	2,540,571	2,512,430	1,850,928
Contract liability	$	155,234	184,710	295,836

1) For the impairment of notes and accounts receivable (including long-term and related parties), please refer to Note 6(c).

2) The amounts of contract liability balance, recognized as revenue as of January 1, 2022 and 2021 at the beginning of the period, were as follows:

		For the years ended December 31	
		2022	2021
Revenue Recognition	$	167,106	264,198

3) The major changes in the balance of contract asset and liability is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(w) Remuneration to employees and directors

In accordance with the Article of Association, once the Company has annual earnings, it should contribute 5% to 20% of the earnings as employee remuneration, and less than 1% as directors' remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. Employees entitled to receive the aforementioned employee remuneration, in shares or cash, include the employees of the controlling or subsidiaries of the company who meet certain specific requirement. The aforementioned requirement and distribution methods should first be approved by the Company' s Board of Directors or its authorized person. The Company estimated its remuneration to employees at $44,651 thousand and $59,513 thousand for the years ended December 31, 2022 and 2021, respectively, and estimated its remuneration to directors at $4,186 thousand and $5,580 thousand, respectively.

(Continued)

The aforementioned amounts were calculated using the Company's net income before tax, without the remunerations to employees and directors for each period, multiplied by the proposed percentage which is stated under the Company's proposed Article of Incorporation. These remunerations were expensed under operating costs or expenses for each period, related information is available on the website of the Market Observation Post System. The differences between the estimated amounts and the actual amounts approved by the Board of directors for 2022, if any, shall be accounted for as changes in accounting estimates and recognized in 2023. The actual amounts distributed for 2021 and the estimated amounts for 2021 in the financial statements were the same.

(x) Non-operating income and expenses

(i) Other income

The Company's other income was as follows:

	For the years ended December 31	
	2022	2021
Rental income	$ 16,619	9,917
Dividend income	13,671	7,812
	$ 30,290	**17,729**

(ii) Other gains and losses

The Company's other gains and losses were as follows:

	For the years ended December 31	
	2022	2021
Net foreign exchange gains	$ 17,528	21,868
Net gains on valuation of financial assets (liabilities) at fair value through profit or loss	63,620	76,542
Gain on disposal of non-current assets held for sale	-	57,528
Gain on disposal of subsidiaries	-	20,696
Loss on disposal of associates	(15)	-
Gains on disposal of property, plant and equipment	-	136
Revenue from system consulting and technical services	16,801	5,979
Others	12,098	7,110
	$ 110,032	**189,859**

(Continued)

(iii) Finance costs

The Company's finance costs were as follows:

		For the years ended December 31	
		2022	2021
Interest on bank loans	$	14,293	8,926
Interest on lease liabilities		1,481	1,519
	$	**15,774**	**10,445**

(y) Financial instruments

(i) Credit risk

A credit risk is the risk of having financial losses arising from counterparties failing to meet their required contract obligation. The major potential credit risks are from defaults from counterparties who fail to meet their required contract obligation.

1) Accounts receivable and other receivables

The Company's credit policy is transacting with creditworthy customers, and obtains collateral to mitigate risks arising from financial loss due to default if necessary. The Company assesses the ratings based on publicly available financial information and transactions records with its major customers. The Company continues to monitor the exposure to credit risk and the credit rating of counterparties, transaction amount to all qualified customers, and review annually the credit limit of counterparties, so as to manage risk exposure.

2) Other financial assets

The credit risk exposure in cash and cash equivalents, fixed income investments and other financial instruments are measured and monitored by the Company's finance department. As the Company deals with the banks and other external parties with good credit standing and financial institutions which are graded above investment level, the management believes that the Company does not have any compliance issues, and therefore, there is no significant credit risk.

The carrying amount of financial assets, represents the maximum amount exposed to credit risk. As of December 31, 2022 and 2021, the maximum exposure to credit risk amounted to $3,538,464 thousand, and $3,289,153 thousand, respectively.

(Continued)

(ii) Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payment.

	Carrying amount	Contractual cash flows	Within 1 year	1~5 years	Over 5 years
December 31, 2022					
Non-derivative financial liabilities					
Financial liabilities at fair value through profit or loss – Contingent considerations arising from business combinations (Current and Non-current)	$ 63,144	91,660	-	91,660	-
Long-term and short-term borrowings	1,337,340	1,372,161	1,120,294	71,635	180,232
Short-term notes and bills payable	199,619	200,000	200,000	-	-
Lease liabilities	147,818	151,415	31,699	111,490	8,226
Accounts payable	1,711,387	1,711,387	1,711,387	-	-
Other payables	281,534	281,534	281,534	-	-
Guarantee deposits	959	959	-	959	-
Derivative financial liabilities					
Outflow	13,651	840,752	840,752	-	-
Inflow	-	(827,101)	(827,101)	-	-
	$ 3,755,452	3,822,767	3,358,565	275,744	188,458
December 31, 2021					
Non-derivative financial liabilities					
Financial liabilities at fair value through profit or loss – Contingent considerations arising from business combinations (Current and Non-current)	$ 103,222	147,776	5,609	142,167	-
Long-term and short-term borrowings	1,251,369	1,276,443	1,018,052	68,612	189,779
Lease liabilities	147,407	151,956	25,467	94,387	32,102
Accounts payable	1,177,226	1,177,226	1,177,226	-	-
Other payables	330,428	330,428	330,428	-	-
Guarantee deposits	897	897	-	897	-
Derivative financial liabilities					
Outflow	2,286	400,463	400,463	-	-
Inflow	-	(398,177)	(398,177)	-	-
	$ 3,012,835	3,087,012	2,559,068	306,063	221,881

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(Continued)

(iii) Currency risk

1) Exposure to currency risk

The Company's significant exposure to foreign currency risk was as follows:

		December 31, 2022			December 31, 2021		
		Foreign currency (in thousands)	Exchange rate	NTD	Foreign currency (in thousands)	Exchange rate	NTD
Financial assets							
Monetary items							
USD/NTD	$	4,294	30.73	131,947	1,709	27.68	47,299
Financial liabilities							
Monetary items							
USD/NTD	$	33,044	30.73	1,015,441	13,578	27.68	375,828

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises mainly from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, and accounts payable denominated in foreign currency. To avoid the decrease in the value of foreign currency assets and fluctuations of future cash flows resulted from changes in exchange rates, the Company uses derivative instruments to hedge exchange rate risk (see Note 6(b)). An appreciation (depreciation) of 1% of the USD against NTD as of December 31, 2022 and 2021, with all other variables including derivative financial instruments remaining constant, would have decreased or increased the profit before income tax by $1,414 thousand and $656 thousand for the years ended December 31, 2022 and 2021, respectively. The analysis for both periods was performed on the same basis.

3) Foreign exchange gains and losses on monetary items

The Company's functional currency is NTD, and foreign exchange gain (loss) on monetary items are recognized as foreign exchange gain (loss); please refer to Note 6(x) for details.

(Continued)

(iv) Interest rate analysis

The details of interest-bearing financial instruments at the reporting date were as follows:

	Carrying amount	
	December 31, 2022	**December 31, 2021**
Variable-rate instrument:		
Financial assets	$ 424,598	385,615
Financial liabilities	(1,536,959)	(1,251,369)
	$ (1,112,361)	**(865,754)**

According to the Company's sensitivity analysis of risk exposure to non-derivative instruments on the reporting date, if the interest rate had increased or decreased by 0.25%, with all other variable factors remaining constant, the Company's profit before income tax would have decreased or increased by $2,781 thousand and $2,164 thousand for the years ended December 31, 2022 and 2021, respectively. This is mainly due to interest rate risk exposures on variable-rate bank deposits, long-term and short-term borrowings and short-term notes and bills payable.

(v) Fair value of financial instruments

1) Types of financial instrument and fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss are measured on a recurring basis. The following sets out carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy but excluding financial instruments not measured at fair value with carrying amount reasonably close to their fair value, and lease liabilities, disclosure of fair value information is not required:

	December 31, 2022				
	Carrying amount	**Fair value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Pre-purchased forward exchange contracts	$ 623	-	-	623	623
Foreign and domestic unlisted stocks	280,153	-	-	280,153	280,153
Domestic unlisted equities	230,691	-	-	230,691	230,691
	$ 511,467				

(Continued)

	December 31, 2022				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at amortized cost					
Cash and cash equivalents	$ 424,848				
Notes and accounts receivable, net (including long-term and related parties)	2,540,571				
Other receivables	5,918				
Refundable deposits	55,660				
	$ 3,026,997				
Financial liabilities at fair value through profit or loss					
Pre-purchased forward exchange contracts	$ 13,651	-	-	13,651	13,651
Contingent considerations arising from business combinations	63,144	-	-	63,144	63,144
	$ 76,795				
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	$ 1,337,340				
Short-term notes and bills payable	199,619				
Lease liabilities	147,818				
Accounts payable	1,711,387				
Other payables	281,534				
Guarantee deposits	959				
	$ 3,678,657				

(Continued)

METAAGE CORPORATION (ORIGINAL NAME : SYSAGE TECHNOLOGY CO., LTD.)
Notes to the Parent Company Only Financial Statements

	December 31, 2021				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Foreign and domestic unlisted stocks	$ 240,694	-	-	240,694	240,694
Domestic unlisted equities	97,602	-	-	97,602	97,602
	$ 338,296				
Financial assets at amortized cost					
Cash and cash equivalents	$ 385,915				
Notes and accounts receivable, net (including long-term and related parties)	2,512,430				
Other receivables	1,878				
Refundable deposits	50,634				
	$ 2,950,857				
Financial liabilities at fair value through profit or loss					
Pre-purchased foreign currency forward contracts	$ 2,286	-	-	2,286	2,286
Contingent considerations arising from business combinations	103,222	-	-	103,222	103,222
	$ 105,508				
Financial liabilities measured at amortized cost					
Long-term and short-term borrowings	$ 1,251,369				
Lease liabilities	147,407				
Accounts payable	1,177,226				
Other payables	330,428				
Guarantee deposits	897				
	$ 2,907,327				

(Continued)

2) Valuation techniques for financial instruments measured at fair value

The measurements of fair value of equity instruments without an active market are based on the market comparable listed company approach, which assumes that the fair value is measured by the investee' estimated net worth and the price-book ratio estimated based on comparable quoted market price. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security.

Discounted cash flow model is used to estimate the fair value of contingent consideration arising from business combination. The main assumption takes into consideration the possibility of occurrence to estimate the consideration for payment, by the discounted present value.

Measurement of the fair value of derivative instruments is based on the valuation techniques accepted by the market participants, such as the discounted cash flow or option pricing models. Fair value of forward exchange contracts is usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2

There was no transfers between the level 1 and level 2 of fair value hierarchy for the years ended December 31, 2022 and 2021.

4) Reconciliation of Level 3 fair values

	Measured at fair value through profit or loss	
	Derivative financial assets (liabilities)	**Non-derivative financial assets (liabilities) measured at fair value through profit or loss**
January 1, 2022	$ (2,286)	235,074
Recognized in profit or loss	(10,742)	74,362
Additions	-	130,856
Decrease of contingent considerations	-	7,408
December 31, 2022	**$ (13,028)**	**447,700**
January 1, 2021	$ (655)	76,463
Recognized in profit or loss	(1,631)	78,132
Additions	-	100,000
Contingent considerations payments	-	3,777
Contingent considerations arising from business combinations	-	(23,298)
December 31, 2021	**$ (2,286)**	**235,074**

(Continued)

The aforementioned total gains and losses that were recognized in "other gains and losses". The gains or losses attributable to the assets and liabilities held on December 31, 2022 and 2021 were as follows:

	For the years ended December 31	
	2022	**2021**
Total gains and losses		
Recognized in profit or loss (recognized as other gains and losses)	$ 61,334	75,846

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss and derivative financial instruments.

The fair value of derivative financial instruments resulted from the quotation of a third party and did not use any unobservable inputs in its calculation. Therefore, the Company did not disclose the quantitative information about significant unobservable inputs and sensitivity analysis.

Quantified information on other significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss investments in equity instrument without active market	Comparable listed companies approach	· Market liquidity discount rate (23.63%~27.08% as of December 31, 2022, 25.00%~31.34% as of December 31, 2021)	· The higher the market liquidity discount rate, the lower the fair value
Financial liabilities at fair value through profit or loss-Contingent considerations arising from business combinations	Discounted cash flow methods	· Discount rate (8.81%~18.35% as of December 31, 2022, 8.19%~14.75% as of December 31, 2021)	· The higher the discount rate, the lower the fair value

(Continued)

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit:

	Inputs	Current profit (loss) arising from changes in fair value: 10% increase	10% decrease
December 31, 2022			
Financial assets (liabilies) at fair value through profit or loss			
Investments in equity instrument without active market	Discount for marketability	$ (36,719)	36,719
Contingent considerations arising from business combinations	Discount for discount rate	$ 2,063	(2,176)
December 31, 2021			
Financial assets (liabilies) at fair value through profit or loss			
Investments in equity instrument without active market	Discount for marketability	$ (33,780)	33,780
Contingent considerations arising from business combinations	Discount for discount rate	$ 3,223	(3,399)

(z) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note expressed the information on risk exposure and objectives, policies and process of risk measurement and management of the Company. For more details about the quantitative effects of these risk exposures, please refer to respective notes in the report.

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities, so as to minimize risk exposure.

(Continued)

The Board of directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of directors is assisted in its oversight role by an internal auditor. The internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of directors.

(aa) Capital management

The Board's policy is to maintain a strong capital base, in order to maintain investor, creditor, and market confidence. Capital consists of ordinary shares, capital surplus and retained earnings. As of December 31, 2022, the Company had sufficient capital to meet the needs for working capital and other expenditure in the next 12 months. The Company's approach to capital management has not changed on each reporting date.

As of December 31, 2022 and 2021, the debt ratios were 49% and 43%, respectively.

(ab) Investing and financing activities not affecting current cash flow

(i) For the acquisition of right-of-use assets by lease, please refer to Note 6(k).

(ii) The reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Long-term borrowings	$ 251,369	(14,029)	-	237,340
Short-term borrowings	1,000,000	100,000	-	1,100,000
Short-term notes and bills payable	-	199,619	-	199,619
Guarantee deposits	897	62	-	959
Lease liabilities	147,407	(30,909)	31,320	147,818
Total liabilities from financing activities	**$ 1,399,673**	**254,743**	**31,320**	**1,685,736**

	January 1, 2021	Cash flows	Non-cash changes	December 31, 2021
Long-term borrowings	$ 265,529	(14,160)	-	251,369
Short-term borrowings	300,000	700,000	-	1,000,000
Guarantee deposits	1,227	(330)	-	897
Lease liabilities	167,008	(24,859)	5,258	147,407
Total liabilities from financing activities	**$ 733,764**	**660,651**	**5,258**	**1,399,673**

(Continued)

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

Qisda Corporation ("Qisda") is both the parent company and the ultimate controlling party of the Company. As of December 31, 2022 and 2021, Qisda holds 51.41% of the number of ordinary shares outstanding of the Company, and it has prepared the consolidated financial statements for public use.

(b) Names and relationship with related parties

The followings are the subsidiaries and related parties that have had transactions with the Company during the periods covered in the parent company only financial statements:

Name of related party	Relationship with the Company
Qisda Corporation (Qisda)	Parent of the Company
GLOBAL INTELLIGENCE NETWORK CO., LTD. (GLOBAL INTELLIGENCE NETWORK)	Subsidiary of the Company
EPIC CLOUD CO., LTD. (EPIC CLOUD)	Subsidiary of the Company
ADVANCEDTEK INTERNATIONAL CORP. (ADVANCEDTEK INTERNATIONAL)	Subsidiary of the Company
APEO Human Capital Services Corp. (APEO Human Capital)	Subsidiary of the Company
STATINC COMPANY (STATINC)	Subsidiary of the Company
DKABio Co., Ltd. (DKABio)	Subsidiary of the Company
COREX (PTY) LTD. (COREX)	Subsidiary of the Company
Metaguru Corporation (Metaguru)	Subsidiary of the Company (Note 1)
DAWNING TECHNOLOGY INC. (DAWNING TECHNOLOGY)	Subsidiary of the Company (Note 2)
NEO TREND TECH CORPORATION (NEO TREND TECH)	Subsidiary of the Company (Note 3)
GRANDSYS INC. (GRANDSYS)	Associate of the Company
BenQ Foundation	Substantive related party
BenQ Material Corporation (BenQ Material)	It and the Company have the same ultimate parent company
Partner Tech Corporation (Partner Tech)	It and the Company have the same ultimate parent company
BenQ Corporation (New BenQ)	It and the Company have the same ultimate parent company
DFI Inc. (DFI)	It and the Company have the same ultimate parent company
BenQ AB DentCare Corp. (BenQ AB DentCare)	It and the Company have the same ultimate parent company

(Continued)

Name of related party	Relationship with the Company
AEWIN Technologies Co., Ltd (AEWIN Technologies)	It and the Company have the same ultimate parent company
ACE PILLAR CO., LTD. (ACE PILLAR)	It and the Company have the same ultimate parent company
BenQ Asia Pacific Corporation (BenQ Asia Pacific)	It and the Company have the same ultimate parent company
Suzhou Super Pillar Automation Equipment Co., Ltd. (Suzhou Super Pillar)	It and the Company have the same ultimate parent company
Webest Solution Corporation (Webest Solution)	It and the Company have the same ultimate parent company
Interactive Digital Technologies Inc. (Interactive Digital)	It and the Company have the same ultimate parent company
HITRON TECHNOLOGIES INC. (HITRON TECHNOLOGIES)	It and the Company have the same ultimate parent company (Note 3)
BenQ Guru Holding limited(GSH)	It and the Company have the same ultimate parent company
Concord Medical Co., Ltd (Concord)	It and the Company have the same ultimate parent company
BENQ HEALTHCARE CORPORATION (BHS)	It and the Company have the same ultimate parent company
ACE Energy Co., Ltd. (ACE Energy)	It and the Company have the same ultimate parent company
GOLDEN SPIRIT CO., LTD. (GOLDEN SPIRIT)	It and the Company have the same ultimate parent company
AU Optronics Corporation (AUO)	Associate of the parent company
Darfon Electronics Corporation (Darfon Electronics)	Associate of the parent company
AUO Education Service Corp. (AUO Education Service)	Subsidiary of AUO
Key management personnel	Key management personnel of the Company

Note 1: Metaguru Corporation's original name was BenQ Guru Corporation, and its original ultimate parent company is same as the Company. The Company had fully acquired Metaguru on December 1, 2022, and it became the Company's subsidiary.

Note 2: As of January 4, 2021, the Company sold the entire shares of its subsidiary, DAWNING TECHNOLOGY, resulting in a loss of control over it. Thereafter, DAWNING TECHNOLOGY is no longer a related party of the Company.

Note 3: As of February 26, 2021, the Company sold the entire shares of its subsidiary, NEO TREND TECH, resulting in a loss of control over it. Thereafter, NEO TREND TECH is no longer a related party of the Company.

(Continued)

(c) Significant related-party transactions

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

	For the years ended December 31	
	2022	**2021**
Parent company	$ 1,023	126,885
Subsidiaries	126,094	65,328
Associates	7,857	2,337
Other associates	62,714	95,515
	$ 197,688	**290,065**

The selling price offered to related parties approximated the market price, and the credit terms. For the years ended December 31, 2022 and 2021, were either based on terms ranging from 30 to 120 days after the end of the month or the terms stated in the contract. Receivables from related parties were not pledged as collateral, and no allowance was needed to provide for impairment loss after assessment.

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	For the years ended December 31	
	2022	**2021**
Subsidiaries	$ 27,310	12,649
Other associates	627	326
	$ 27,937	**12,975**

Purchase prices and payment terms from related parties were not significantly different from those of regular suppliers. The payment terms for the years ended December 31, 2022 and 2021, ranged from 30 to 60 days after the end of the month.

(iii) Receivables from related parties

The receivables due from related parties were as follows:

Account	**Category of related party**	**December 31, 2022**	**December 31, 2021**
Accounts receivable (including long-term)	Parent company	$ 65,807	99,293
Accounts receivable	Subsidiaries	45,170	17,016
Accounts receivable	Associates	358	1,890
Accounts receivable	Other associates	6,478	16,002
		$ 117,813	**134,201**

(Continued)

(iv) Payables to related parties

The payables to related parties were as follows:

Account	Category of related party		December 31, 2022	December 31, 2021
Accounts payable	Subsidiaries	$	3,136	2,068
Accounts payable	Other associates		16	8
		$	3,152	2,076

(v) Lease

1) Lessor

The Company leased out buildings to its related parties. The amounts of rental income were as follows:

Lessee		For the years ended December 31 2022	2021
Subsidiaries:			
GLOBAL INTELLIGENCE NETWORK	$	6,727	5,697
Other subsidiaries		1,773	-
Other Associates:			
DFI		6,035	2,012
	$	14,535	7,709

As of December 31, 2022 and 2021, the rental amount of $169 thousand and $0 thousand, respectively, had not been received by the Company, and was recorded under other current assets. The deposit and rent were determined with reference to the market price of the nearby offices, and the rent was collected on a monthly basis.

2) Lessee

The Company rented buildings from GLOBAL INTELLIGENCE NETWORK and entered into 3-years lease contract by reference of the rental price of the nearby offices. For the years ended December 31, 2022 and 2021, the Company recognized the amounts of $27 thousand and $8 thousand, respectively, as interest expense. As of December 31, 2022 and 2021, the balance of lease liabilities amounted to $5,226 thousand and $401, respectively.

(Continued)

(vi) Guarantee and endorsements

The company guarantees and endorsements for related parties are as follows:

Counterparty of guarantees and endorsements	December 31, 2022	December 31, 2021
Subsidiaries		
COREX	$ 150,000	221,440
GLOBAL INTELLIGENCE NETWORK	-	100,000
	$ 150,000	**321,440**

(vii) Services revenue

The Company provided system consulting and project supporting services to its related parties. The amounts of services revenue were as follows:

	For the years ended December 31	
	2022	**2021**
Subsidiaries		
GLOBAL INTELLIGENCE NETWORK	$ 11,173	4,372
EPIC CLOUD	5,628	1,607
	$ 16,801	**5,979**

The outstanding balances for providing system consulting and project supporting services to its related parties were as follows:

Account	Category of related party	December 31, 2022	December 31, 2021
	Subsidiaries		
Other current assets-other receivables	GLOBAL INTELLIGENCE NETWORK	$ 3,517	1,148
Other current assets-other receivables	EPIC CLOUD	1,788	422
		$ 5,305	**1,570**

(viii) Donation

For the years ended December 31, 2022 and 2021, the company made donations of $3,000 thousand and $2,000 thousand, respectively, to its substantive related party, BenQ Foundation.

(Continued)

(ix) Investments accounted for using equity method acquired

The Company acquired investments accounted for using equity method from its related parties.

Account	Category of related party	For the years ended December 31 2022	2021
Investments accounted for using equity method	Other associates- GHS	$ 31,000	-
Investments accounted for using equity method	Subsidiaries- GLOBAL INTELLIGENCE NETWORK	-	100
Investments accounted for using equity method	Other associates- Partner Tech	-	140,000
		$ 31,000	**140,100**

(x) Disposal of investments accounted for using equity method

As of February 2021, the Company sold 1 thousand shares of STATINC to its subsidiary, EPIC CLOUD, at the amount of $40 thousand, wherein the price had been fully received.

(xi) Miscellaneous transactions

In addition to the above transactions, the amounts of other significant outstanding balances by related parties were as follows:

	Cost and expense		Other payables	
	For the years ended December 31			
	2022	2021	December 31, 2022	December 31, 2021
Parent Company	$ 790	963	100	-
Subsidiaries	1,773	989	439	456
Other associates	1,562	571	57	80
	$ 4,125	**2,523**	**596**	**536**

(Continued)

(d) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31	
	2022	**2021**
Short-term employee benefits	$ 50,276	58,699
Post-employment benefits	524	622
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payment	-	-
	$ 50,800	59,321

(8) Pledged assets:

The carrying amounts of the assets which the Company pledged as collateral were as follows:

Asset Name	Object	December 31, 2022	December 31, 2021
Property, plant and equipment	Long-term and short-term borrowings	$ 431,839	732,888
Investment property	Short-term borrowings	-	36,169
		$ 431,839	769,057

(9) Significant commitments and contingencies:

(a) The promissory notes, issued by the Company for loans from financial institutions, forward exchange transactions, and purchase limits, are detailed as follows:

	Currency	December 31, 2022	December 31, 2021
Promissory notes issued	NTD	$ 4,865,000	4,915,000
	USD	$ 4,500	14,350

(b) For the amounts of guarantees and endorsements for related parties, please see Note 7(c) 6.

(10) Losses due to major disasters:None

(11) Subsequent Events:None

(Continued)

(12) Others:

The summary of employee benefits, depreciation, and amortization, by function, was as follows:

By function / By item	For the years ended December 31, 2022 Operating expenses	2021 Operating expenses
Employee benefits		
Salary	491,980	429,458
Labor and health insurance	40,726	35,322
Pension	19,185	16,469
Benefits of directors	15,227	16,666
Other employee benefits expense	23,216	22,726
Depreciation	65,981	57,625
Amortization	745	769

Note: Excluding the depreciation of the investment property-buildings (classified as other income) amounted to $402 thousand and $281 thousand for the years ended December 31, 2022 and 2021, respectively.

The following were the additional information on the Company's employees and employee benefits for the years ended December 31, 2022 and 2021:

	For the years ended December 31 2022	2021
Numbers of employees	504	452
Numbers of directors, but not employees concurrently	5	6
The average employee benefits	$ 1,153	1,130
The average salaries	$ 986	963
Adjustment of the average salaries	2.39 %	
Benefits of supervisors	$ -	-

The following was the information about the Company's benefits policies (including directors, executive officers and employees):

The Company's directors' benefits consisted of remuneration and compensation. In accordance with the pre-amended Article of Association of the Company, the Company should contribute less than 2 percent as directors' remuneration when there is profit for the year. On August 25, 2021, the Company amended its Article of Association based on the resolution approved during the annual shareholders' meeting. In accordance with the amended Article of Association, once the Company has annual earnings, it should contribute less than 1% as directors' remuneration. The compensation is evaluated by Human Resources Department and based on competitive environment and operational risk. It is proposed by management after considering regulation and bonus plan then submitted to the Board of Directors for approval.

The benefits of executive officers and employees consisted of fixed salary and variable salary. The former is basic salaries of employees and the latter is connected to operational performance and strategic objectives that the Company wants to achieve. The Company's benefits policies are proposed by Human Resources Department, which is based on management regulation and bonus plan and then submitted to the Board of Directors for approval.

(Continued)

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2022:

(i) Loans to other parties:None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company guarantees/ endorsements to third parties on behalf of subsidiary	Subsidiary guarantees/ endorsements to third parties on behalf of parent company	Guarantees/ endorsements to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	the Company	COREX	Subsidiary of Partner Tech	(Note 1)	309,400	150,000	110,746	-	3.54 %	(Note 1)	Y	-	-
0	the Company	GLOBALINTELLIGENCENETWORK	〃	〃	100,000	-	-	-	- %	〃	Y	-	-

Note 1: The amount of the guarantees and endorsements for a single entity company shall not exceed 20% of the Company's net worth of $848,447 thousand when the guarantees and endorsements was provided; the total amount of guarantees and endorsements provided by the Company shall not exceed 50% of the Company's net worth of $2,121,118 thousand.

(iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures):

Unit: thousand shares/thousand units

Holder name	Category and name of security	Relationship with company	Account	Ending balance				Remark
				Shares/Units	Carrying amount	Percentage of Ownership (%)	Fair value	
	Stock:							
the Company	DYNASAFE TECHNOLOGIES, INC.	-	Non-current financial assets at fair value through profit or loss	3,906	274,009	19.53	274,009	(Note 1)
〃	CDS Holdings Limited	-	〃	600	-	1.11	-	〃
〃	YOBON TECHNOLOGIES, INC	-	〃	3	-	0.42	-	〃
〃	Touch Cloud Inc.	-	〃	200	572	1.50	572	〃
〃	Gemini Data, Inc.	-	〃	2,706	5,173	1.23	5,173	〃
〃	KINGTEL CORPORATION	-	〃	443	399	18.09	399	〃
	Equity:							
〃	Taiwania Capital Buffalo Fund V, LP.	-	〃	(Note 2)	199,835	12.78	199,835	〃
〃	New Economy Ventures L.P.	-	〃	(Note 2)	30,856	7.36	30,856	〃
					510,844		510,844	

Note 1: Unlisted company.
Note 2: Limited partnership.

(Continued)

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:None

(ix) Trading in derivative instruments:Please refer to notes the Company’s consolidated financial statem Note 6(b).

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2022:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying amount			
the Company	GLOBAL INTELLIGENCE NETWORK	Taiwan	Trading in hardware and software for network and communications systems	119,142	119,142	10,475	79.36 %	182,615	10,752	8,538	(Note 1)
〃	EPIC CLOUD	Taiwan	Data software and data processing services	27,500	50,000	2,750	100.00 %	4,427	(23,008)	(23,008)	(Note 1 and 4)
〃	COREX	South Africa	Import and export of electronic products for sale and purchase	251,872	251,872	1	100.00 %	268,772	(23,559)	(24,646)	(Note 1)
〃	STATINC	Taiwan	Market research, management consulting and data processing services	69,983	69,983	1,754	34.99 %	82,195	(5,708)	(2,660)	(Note 1)
〃	UNISAGE	Taiwan	Medical equipment manufacturing	-	506	-	- %	-	-	-	(Note 2 and 3)
〃	GRANDSYS	Taiwan	Data software and data processing services	94,547	94,547	5,643	20.96 %	112,741	48,595	7,205	(Note 2)
〃	ADVANCEDTEKINTERNATIONAL	Taiwan	Applications of software implementing services	30,091	30,091	1,153	34.09 %	39,263	21,266	7,251	(Note 1)
〃	Everlasting Digital ESG	Taiwan	Development and sale of software	5,000	5,000	500	29.41 %	3,113	(3,746)	(1,020)	(Note 2)
〃	Metaguru	Taiwan	R&D and sales of computer information systems	31,000	-	1,712	100.00 %	29,054	7,074	7,074	(Note 1)
EPIC CLOUD	GLOBAL INTELLIGENCE NETWORK	Taiwan	Trading in hardware and software for network and communications systems	172	172	10	0.08 %	172	10,752	-	(Note 1)
〃	STATINC	Taiwan	Market research, management consulting and data processing services	40	40	1	0.02 %	40	(5,708)	-	(Note 1)

(Continued)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2022			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2022	December 31, 2021	Shares (thousands)	Percentage of ownership	Carrying amount			
ADVANCEDTEK INTERNATIONAL	APEO Human Capital	Taiwan	Applications of software implementing services	2,060	2,060	200	100.00 %	2,852	65	65	(Note 1)
STATINC	DKABio	Taiwan	Market research, management consulting and data processing service	20,000	20,000	2,000	100.00 %	12,450	(6,462)	(6,462)	(Note 1)

Note 1: Subsidiary of the Company.
Note 2: Associates of the Company
Note 3: The investee company has been liquidated on October 12, 2022.
Note 4: The investee company performs a capital reduction to offset the accumulated deficit in August 2022. The amounts of capital reduction and reduced shares amounted to $22,500 thousand and 2,250 thousand shares, respectively.

(c) Information on investment in Mainland China:None

(d) Major shareholders:

Unit: share

Shareholding Major shareholders	Shareholding	Percentage of Ownership
Qisda	96,841,239	51.41 %

(14) Segment information:

Please refer to the Company's consolidated financial statements for the year ended December 31, 2022, for details.

Metaage Corporation

Chairman：Michael Lee