

Stock Code: 5403



2023 **Annual Report**

May 10, 2024

Website: <http://mops.twse.com.tw>

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V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry: None

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Chapter 1. Letter to Shareholders

I. Foreword

Looking back at the year of 2023, the overall economy was significantly impacted by the global inflation. However, the Company adhered to its steady business strategy and worked hard to develop new products, new businesses and enhance the quality of professional services under the efforts of all employees to uphold the principles of “innovation and continuous development” and “professional quality and customer satisfaction”. As a result, the annual performance and profit of 2023 have been outstanding, reaching a new high in recent years.

In the future, the management team of the Company will continue to maintain a conscientious attitude, implement the Company’s strategy in a pragmatic manner, and continue to pursue corporate growth in order to obtain higher profits to reward all shareholders.

II. Operating results for the preceding (2023) year

(I) Achievements of the implementation of the 2023 annual business plan

The Group recorded a net operating income of NT\$2,766,374 thousand, gross operating profit of NT\$1,099,206 thousand, gross profit margin of 40%, net income after tax of NT\$624,280 thousand, net profit margin of 23%, and after-tax earnings per share of NT\$8.37 in Year 2023. The operating income, net income after tax and earnings per share in Year 2022 increased significantly as compared with Year 2022.

(II) Budget implementation

The Company is not required to disclose the financial forecast information for the year 2023, so there is no analysis information on the implementation of the budget for the year 2023.

(III) Analysis of financial revenue and expenditure and profitability

A comparative analysis of the financial structure and profitability of Year 2023 and Year 2022 is shown in the following table:

Item \ Year			Financial analysis of the last two years	
			2023	2022
Financial structure	Ratio of liabilities to assets (%)		45.38	54.86
	Long-term capital as a percentage of fixed assets (%)		324.69	310.69
Profitability	Return on total assets (%)		12.90	10.73
	Return on equity (%)		26.05	23.96
	Ratio to paid-in capital (%)	Income from operations	81.37	72.23
		Net income before tax	88.70	78.06
	Net profit ratio (%)		22.57	21.37
	Earnings per share (NTD)	Before retroactivity	8.37	6.86
		After retroactivity	8.37	6.86

(IV) Research and development status

The R & D personnel are assigned to the R & D department and each software business department. The R & D department personnel are mainly responsible for assisting in the planning and evaluation of system integration, the formulation of system development standards and component management, the introduction of new products, the design and testing of development platforms, or the discussion of the core technology of programming languages, and transferring the research and development results to each software business department where senior project managers, system analysts and other R & D personnel design and develop application software systems that meet customer needs according to the characteristics and development trends of various industries.

The research and development achievements in the last two years are listed as follows:

1. Application Software
 - (1) Second-Generation Background System of Futures
 - (2) Money Trust System
 - (3) Real Estate Trust System
 - (4) Resubmission Operating System
 - (5) Trust Accounting System
 - (6) Report Management System
 - (7) Bond Management System
 - (8) Wealth Management System
 - (9) iWatch Host Real-time Monitoring System
 - (10) Specific Money Trust Fund Bond Stock System Java Edition
 - (11) Custody Bank System Java Edition
 - (12) APIM Mediation Management Platform
2. System Integration
 - (1) Cross-Platform Socket Programming Communication System
 - (2) Cross-Platform Virtual Resource Monitoring and Automated Deployment Services
 - (3) Disaster Recovery Tapeless Backup Solution
 - (4) Completed a number of large-scale system integration projects, such as:
 - a. Financial Control Merger Operation
 - b. Futures Heterogeneous Platform Conversion
 - (5) Customized requirements and overall services such as rapid hosting services, information outsourcing, remote backup, hosting and the latest concept of computer room construction planning

III. Summary of the Business Plan for the Year (2024)

(I) Management policy

The Company has developed application software for the securities firms, the financial business, and the circulation business based on the needs of a single industry, and provided complete services based on the various needs of individual customers for computerization. The marketing policy is to design or modify the system according to the needs of different customers on the basis of the developed application software for different industries, so as to make it suitable for a single customer. At the same time, the Company has provided various computer hardware and peripheral equipment required in the process of computerization, and provided customer problem consultation and software and hardware equipment maintenance services after the completion of system establishment. Therefore, the Company has always been maintaining a good relationship with customers for long-term cooperation, and taking the provision of high-quality and complete services as an important sales strategy.

In addition, in response to the trend of enterprises' outsourcing a large number of processing operations, the Company has established an IDC equipment environment to develop overall services such as IDC information outsourcing processing, remote backup, hosting and the latest concept of computer room construction planning. In this year, the Company's main business policy is to strive to deepen customer relations and product research and development and to reduce operating costs by improving project management capabilities and staff professional service technology, actively strengthen the Company's operating physique, and fully integrate internal and external resources with practical actions, and it has set up a project team to innovate, develop and research, train staff to absorb new knowledge, constantly provide customers with the latest information, and actively assist enterprises to base themselves on Taiwan and successfully enter the international market.

(II) Expected sales volume and its basis

The business scope of the Company is to provide customized application software, planning and construction of computer equipment, related system maintenance and outsourcing services based on the individual needs of customers. As it belongs to the sales method of all-round solutions for system integration, it is not easy to estimate the sales volume.

(III) Important production and marketing policy

During the year, the Company continued to improve the service quality for existing customers, enhance the system functions of existing products to strengthen the competitiveness of products, and actively expand the scope of high value-added services. It also continued to expand new customers and develop new products to provide customers with comprehensive and diversified services, with a view to maintaining the Company's competitive advantage in the industry.

With the rapid development of digital fintech, the Company innovates the fintech operation model and reshapes the financial services and products. The Company expects to develop diversified fintech innovative services with decades of core competencies in bank trust, financial institution investment services, securities trading and other software development.

IV. Future Company Development Strategy

In the future, the Company will continue to develop new products on the premise of enhancing competitiveness, train employees to absorb new knowledge, and continuously provide customers with the latest information. Then, the Company will continue to strive for the improvement of software capabilities and quality, so that Dimerco will become the leader of the software information industry, more actively base themselves in Taiwan, and then enter the overseas market. The management team of the Company is conscientious and pragmatic in implementing the Company's strategy and pursuing profits and growth for the Company.

V. Impact of the external competition, the legal environment, and the macroeconomic conditions

In recent years, the laws and regulations of the financial industry have been liberalized, and enterprises can operate in different industries, which makes the demand for information systems of financial products more complicated. The Company will actively develop diversified products to meet the needs of customers. However, the system integration industry has a relatively low technical threshold, contributing to a large number of competitors, and a high degree of substitutability. The Company is also actively enhancing its competitiveness to cope with the impact of the overall economy, by consistently delivering expert software and hardware integration services..

Chapter 2. Company Profile

I. Establishment Date: November 21, 1981

II. Company History

- November 1981 - The company was formally established with a capital of NT\$ 1 million.
- June 1983 - Kaohsiung Branch was established.
- January 1984 - Acted as an agent for the sale of IBM computers.
- August 1988 - The capital was increased to NT\$ 20 million.
- January 1989 - The capital was increased to NT\$ 28 million. In the same year, the Company developed application software for securities firms.
- November 1989 - The capital was increased to NT\$ 52 million.
- December 1989 - Purchased the office building in Kaohsiung.
- August 1990 - The capital was increased to NT\$ 65.44 million. In the same year, the Company developed application software for transportation business.
- January 1992 - Developed financial application software.
- December 1993 - The Kaohsiung Branch moved into a new building; in the same year, it developed application software for circulation business.
- October 1994 - The head office expanded its business and moved to Zhongshan North Road.
- January 1997 - Introduced ISO-9001 quality system; planned for public offering; developed application software for financial management system and futures management system in the same year.
- August 1997 - The capital was increased to NT\$ 130 million.
- December 1997 - Public offering.
- March 1998 - Began listing and OTC guidance; in the same year, we successively developed application software for online order placing and FAX/400 mainframe fax system.
- August 1998 - The capital was increased to NT\$ 161.2 million.
- August 1998 - Passed ISO-9001 quality system certification.
- April 1999 - Applied for OTC listing.
- October 1999 - Officially listed on the OTC market.
- January 2000 - The head office in Taipei has increased its business and expanded its personnel, and some departments have moved to the newly rented office building.
- December 2000 - Completed the development of the new brokerage system application software.
- February 2001 - Completed the development of the application software for the discretionary entrustment system.

June 2001	- Completed the renewal of ISO-9001 2000 Quality System Certificate.
July 2001	- Became the first E-PARTNER of IBM in Asia (outside Japan), and became one of the eight gold-level member certifications of Microsoft in Taiwan.
July 2001	- Invested and established the overseas company DIMERCO DATA SYSTEM CORP.
August 2001	- Reinvested in mainland China, Shanghai and Hangzhou.
January 2002	- The IDC business was in operation.
April 2003	- Jointly launched Microsoft SQL Server offsite backup outsourcing service with Microsoft Taiwan.
October 2004	- Issued the first domestic unsecured convertible corporate bond of NT\$ 120 million.
December 2004	- Completed the development of money trust system application software.
May 2005	- Obtained BS7799 information security certification.
October 2005	- Completed the development of real estate trust system application software.
November 2005	- The equity of LEADING TECH CO., LTD held by the DIMERCO DATA SYSTEM CORP was transferred to Dimerco Data System Corporation in full, and the business was closed at the same time.
February 2006	- Invested in Yuanlian Technology Co., Ltd.
March 2006	- Invested in Blue Technology Digital Corporation
May 2007	- Passed CMMI-SW Maturity Level 2 assessment.
July 2007	- Passed the ISO 27001 verification.
February 2008	- Sold part of shares of Yuanlian Technology Co., Ltd.
June 2008	- The board of directors resolved to terminate the OTC listing of the first domestic unsecured convertible corporate bonds.
August 2008	- Sold all shares of Yuanlian Technology Co., Ltd.
December 2008	- Set up the overseas subsidiary DIMERCO INFO TECH CORP.
February 2009	- The board of directors resolved to invest in the mainland through overseas subsidiaries within the limit of US\$ 2 million.
September 2009	- Sold all shares of LEADING TECH CO., LTD.
December 2009	- Passed the ISO 9001 2008 verification.
December 2009	- Invested in HPI Corp.
June 2010	- Increased cash capital of HPI Corp.
October 2010	- Increased cash capital of Blue Technology Digital Corporation
June 2011	- Increased cash capital of HPI Corp.
August 2012	- Sold all shares of Blue Technology Digital Corporation
October 2013	- Purchased a new office building in Neihu.

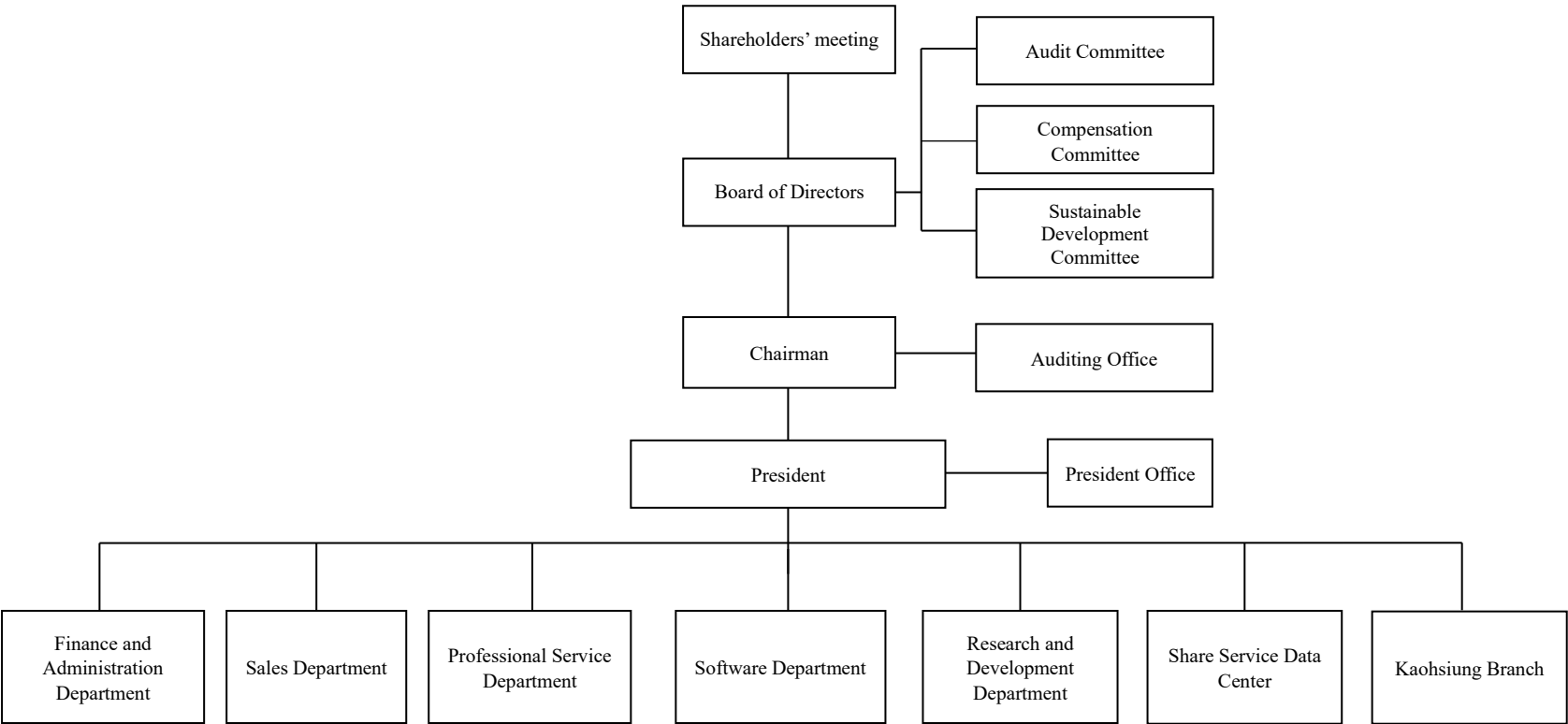
January 2014	- Increased the capital to NT\$ 736.82 million and moved the head office into the new office building in Neihu.
July 2014	- Moved the IDC computer room to the new office building in Neihu.
June 2015	- Passed the ISO 27001:2013 edition verification.
August 2015	- Reduced the capital to NT\$ 626.3 million
January 2016	- Invested in Dimwave Fintech Ltd.
June 2016	- Passed the ISO 9001:2015 verification.
June 2017	- Re-election of directors and supervisors and initial election of two independent directors.
June 2018	- Completed the development of the application software of the middle platform system for securities and futures trading accounts.
June 2019	- Completed the development of a new generation of real estate trust system application software.
December 2019	- Completed the development of the Dimerco next generation notes software for notes companies.
January 2020	- Completed the development of a new generation of money trust system application software.
February 2020	- Completed the development of the application software for the securities salesperson self-printing system.
May 2020	- Completed the development of a new generation of custodian bank Java version system application software.
June 2020	- Completed the development of the application software of securities lending and borrowing system.
June 2020	- Re-elected three independent directors and established the Audit Committee.
October 2020	- Passed the ISO/IEC 27001:2013 edition verification.
October 2020	- Completed the development of the application software for the system of fractional shares in the securities market.
December 2020	- Increased the investment of HPI Corp., which became a subsidiary of the Company.
May 2021	- Completed the development of the application software for the online service system of the Securities and Futures Digital Finance Center.
June 2021	- Completed the development of the application software for the trust digital middle office service system.
August 2021	- Transferred the capital reserves and earnings to the capital which was increased to NT\$ 668.93 million.
October 2021	- Issued 2 million new restricted employee shares.
December 2021	- Completed the development of the trust service network platform software.
March 2022	- Cancelled 14,000 new restricted employee shares.

June 2022	- Sold part of the shares of HPI Corp.
July 2022	- Employee Stock Ownership Trust Committee Formed
September 2022	- Cancelled 48,000 new restricted employee shares.
September 2022	- Transferred the earnings into 3,543,953 shares.
November 2022	- Cancelled 28,000 new restricted employee shares.
December 2022	- Cancelled 12,000 new restricted employee shares.
December 2022	- Sold part of shares of Dimwave Fintech Ltd.
March 2023	- Cancelled 28,000 new restricted employee shares.
June 2023	- Sold all of the shares of HPI Corp.
July 2023	- Cancelled 14,000 new restricted employee shares.
December 2023	- Issued 200,000 new restricted employee shares.
December 2023	- Cancelled 13,503 new restricted employee shares.
March 2024	- Cancelled 10,000 new restricted employee shares.
March 2024	- Established the Sustainable Development Committee
April 2024	- Purchased a new office building in Kaohsiung

Chapter 3. Corporate Governance Report

I. Organizational System

1. Company Group



2. Businesses of the main departments

(1) President Office

- ① Be responsible for the Company's medium and long-term strategic planning, the execution of project business, and the integration and coordination of various units.
- ② Procurement and warehouse management
 - A. Vendor management
 - B. Inquiry and price comparison
 - C. Warehouse management
 - D. Purchase and delivery matters

(2) Auditing Office

- ① Formulation of internal control operation cycle system
- ② Audit matters of internal control cycle
- ③ Prepare audit reports regularly and submit them to the Chairman and the Audit Committee, and provide suggestions and improvement plans.
- ④ Formulation of quality system
- ⑤ Regular or irregular audit of the quality system
- ⑥ Supervision of quality system implementation

(3) Finance and Administration Department

- ① Accounting
 - A. Design and revision of accounting system
 - B. Account processing
 - C. Detailed preparation of financial statements and accounting items
- ② Finance
 - A. Fund dispatch
 - B. Bank transactions
 - C. Budget preparation
 - D. Accounts receivable collection review
- ③ General affairs
 - A. Procurement of administrative supplies
 - B. General services
- ④ Personnel
 - A. Formulation and implementation of relevant personnel regulations
 - B. Recruitment, insurance and resignation of personnel
 - C. Payroll and performance operations
 - D. Planning and implementation of internal training

- (4) Sales Department
 - ① Determination of marketing strategy
 - ② Planning and execution of product marketing activities
 - ③ Formulation and implementation of annual objectives
 - ④ Customer contact, problem response and resolution
 - ⑤ Market research and business information collection
 - ⑥ Contact with the manufacturer
 - ⑦ Delivery tracking and collection
 - ⑧ Suggestions on credit extension to customers
 - ⑨ Provision of pre-sales and after-sales services
- (5) Professional Service Department
 - ① Assist the sales department to provide pre-sales and after-sales services
 - ② After-sales service of software and hardware products
 - ③ Installation and maintenance of hardware equipment
 - ④ Software services
 - A. Planning and construction of network engineering
 - B. Research on software tools
 - C. Planning and implementation of education and training courses
- (6) Software Department
 - ① Application software planning and development
 - ② Application software maintenance services
 - ③ Assist the sales department to provide pre-sales and after-sales services
 - ④ Establishment of industry knowledge
- (7) Research and Development Department
 - ① Collection of technical information
 - ② Development of new technology
 - ③ Introduction of new products
 - ④ Establish the promotion system for new products
 - ⑤ Provide the standard pilot technology module required by the development system of the Software Business Unit
 - ⑥ Internal technology transfer and training
 - ⑦ Provide customer service and consultation on system engineering.
 - ⑧ Provide system engineering services and consultation for the Software Department.
 - ⑨ Planning and construction of internal system

- (8) Share Service Data Center
 - ① Provide host outsourcing management services
 - ② Provide offsite backup services
 - ③ Provide OP operation service in the machine room
- (9) Kaohsiung Branch
 - ① Responsible for the Company's southern region related business.
 - ② Sales Department
 - A. Undertake the objectives of the Company and carry out the tasks of the sales department
 - B. Provide professional services related to Southern customers.
 - ③ Software Development Center
 - A. Assist the Software Department to provide relevant software services.
 - B. Provide the planning and implementation of education and training courses for software talents.

II. Information on the Company’s Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and the Supervisors of All the Company’s Divisions and Branch Units

(I) Director

1. Information of Directors: name, major experience (education), current positions in the Company and other companies, date of election (appointment), term of office, date of first election, and information on themselves, their spouses, children and shares held in the name of others, their expertise and independence

Directors’ information (I)

April 1, 2024

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position Concurrently Held at the Company or Other Companies	Executives, Directors or Supervisors Who are Spouses or Within the Second Degree of Kinship			Remarks (Note 4)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Szu Wei Chuang	Male 71~80	2023.05.31	Three years	1999.05.20	4,550,704	6.12%	3,550,704	4.65%	2,586,872	3.39%	0	0.00%	Department of Computer Science, Feng Chia University Manager of Taiwan Branch of American President Lines President of Dimerco Data System Corporation	Director of Dimerco Express Corporation Chairman of Dimwave Fintech Ltd.	Director	Ju Yin Chuang	Father and daughter	None
Director	R.O.C.	Shu Yi Chang	Male 61~70	2023.05.31	Three years	2008.06.13	283,573	0.38%	297,573	0.39%	0	0.00%	0	0.00%	In-service Digital Master of Global Chinese Business Management at Tamkang University Section Chief of Great Electronics Corp. Manager, Assistant Vice President and Vice President of Dimerco Data System Corporation	President of Dimerco Data System Corporation	None	None	None	None
Director	Singapore	Heng Yu Lin	Male 41~50	2023.05.31	Three years	2011.06.22	1,455,563	1.96%	1,455,563	1.91%	168,000	0.22%	0	0.00%	Nanyang Tecnological University Repulic Singapore Equipment Engineer of Gbox Technology Co., Ltd.	Spokesperson and Assistant Vice President of Investor Relations Department of Makalot Industrial Co., Ltd.	None	None	None	None
Director	R.O.C.	Ju Yin Chuang	Female 31-40	2023.05.31	One year	2022.06.15	1,298,458	1.75%	1,283,458	1.68%	11,549	0.02%	0	0.00%	Simon Fraser University, Communication and Linguistic Assistant Project Manager of Personnel Department of KKBOX GROUP	Chief Human Resources Officer and Chief Sustainability Officer of Dimerco Data System Corporation	Chairman	Szu Wei Chuang	Father and daughter	None
Independent Director	R.O.C.	Yao Chang Juan	Male 51~60	2023.05.31	Three years	2017.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Management, City University of New York Chief Financial Officer of Dimerco Express Corporation	Vice President of Foreign Investment and Investment Relations Management of Dimerco Express Corporation	None	None	None	None
Independent Director	R.O.C.	Chun Ju Tou	Female 61~70	2023.05.31	Three years	2017.06.13	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Legal and Judicial Practice Section, Soochow University Member of the Legal Affairs Office of the Veterans’ Engineering Division	Manager of Legal Affairs and Safety Clinic and Director of Legal Affairs Group of United Daily News Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Chia Chung Chen	Male 61~70	2023.05.31	Three years	2020.06.03	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Graduate Institute of Agricultural Economics, National Taiwan University President (Director) of E.SUN Bank (China)	Independent Director of Mega Financial Holding Company Limited Independent Director of Mospec Semiconductor Corp. Corporate Director Representative of Sysjust Co., Ltd.	None	None	None	None

2. Substantial shareholder of a corporate shareholder: none of the directors of the Company is a representative of a corporate shareholder.
3. The substantial shareholder of a corporate shareholder is the representative of the corporate shareholder: none.
4. Where the chairman and the president or the person holding an equivalent position (top General Manager) are the same person, spouses of each other, or relatives of the same degree, the Company shall explain the reasons, reasonableness, necessity, and response measures (for example, increasing the number of independent directors and requiring that more than half of the directors do not concurrently serve as employees or general managers).

Directors' Information (II)

I. Disclosure of information on professional qualifications of directors and independence of independent directors:

Criteria Name	Professional qualifications and experience (Note 1)	Independence (Note 2)	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director
Szu Wei Chuang	Organizational Leadership and Strategic Management Information Service Related Industries		0
Shu Yi Chang	Organizational Leadership and Strategic Management Information Service Related Industries		0
Heng Yu Lin	Organizational Leadership and Strategic Management Investment PR related field		0
Ju Yin Chuang	Organizational Leadership and Strategic Management Human resources management related field		0
Yao Chang Juan	Financial Accounting and Organizational Leadership Circulation related industry	Compliance with independence (Note 2)	0
Chun Ju Tou	Legal and organizational leadership Information media related industry	Compliance with independence (Note 2)	0
Chia Chung Chen	Organizational Leadership and Strategic Management Banking Finance and Management Decision	Compliance with independence (Note 2)	1

II. Board Diversity and Independence:

- (I) Diversity of the Board: in terms of policy on the nomination and selection of directors the Company takes into account the organizational culture, type of operation and long-term development, and formulates guidelines for diversity in the composition of the Board. The Company attaches great importance to gender equality in the composition of the Board. Currently, there are two female directors on the Board, representing nearly one-third (29%) of the total number of directors. The members of the Board of

Directors of the Company have a diverse background in the industry. The members of the Board of Directors includes senior people in the fields of information services, personnel management, financial accounting and strategic management, as well as professionals in banking and financial industry management. The expertise and experience of the directors contribute to oversight and decision-making in the areas of corporate governance, environmental sustainability, corporate social responsibility, compliance with law and human rights.

- (II) Independence of the Board of Directors: The Board of Directors of the Company consists of 7 directors with different professional backgrounds, including 3 independent directors, accounting for nearly one half of the total number of directors. None of the directors of the Company is subject to any of the circumstances specified in the provisions of paragraphs 3 and 4 of Article 26 (3) of the Securities and Exchange Act.

Note 1: The financial expert of the Audit Committee of the Company is Yao Chang Juan, an independent director. None of the directors is subject to any of the circumstances specified in Article 30 of the Company Act.

Note 2: None of the independent directors of the Company, his/her spouse or any second-degree relative serves as a director, supervisor or employee of the Company or any of its affiliated enterprises; none of the independent directors, his/her spouse or any second-degree relative (or in the name of any other person) holds any shares in the Company, nor does he/she serve as a director, supervisor or employee of any company that has a specific relationship with the Company; The independent directors themselves, their spouses and second-degree relatives of kinship have not received compensation for providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the past two years.

(II) Information of President, Vice President, Assistant Vice President and Heads of Departments and Branches

April 1, 2024

Title	Nationality	Name	Gender	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Positions	General Managers Who are Spouses or Within the Second Degree of Kinship			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Shu Yi Chang	Male	2011.08.01	297,573	0.39%	0	0.00%	0	0.00%	In-service Digital Master of Global Chinese Business Management at Tamkang University Section Chief of Great Electronics Corp. Manager, Assistant Vice President and Vice President of Dimerco Data System Corporation	None	None	None	None	
Vice President of President Office	R.O.C.	Shu Hsien Hu	Female	2000.01.08	544,054	0.71%	236	0.00%	0	0.00%	Computer Department of Ming Chuan University Systems Analyst and Assistant Vice President of Dimerco Data System Corporation	None	None	None	None	
Vice President	R.O.C.	Yung Ping Fan	Male	2015.07.01	18,961	0.02%	4,401	0.01%	0	0.00%	Electronic Department of Chien Hsin University of Science and Technology Systems Analyst, Manager and Assistant Vice President of Dimerco Data System Corporation	None	None	None	None	
Vice President	R.O.C.	Kuo Cheng Hung	Male	2024.01.02	80,008	0.10%	0	0.00%	0	0.00%	E-Learning Executive Master's Program of Business Administration (EMBA) in Global Chinese Management Manager, Assistant Vice President, and Senior Vice President of Dimerco Data System Corporation	None	None	None	None	Dismissal day 2022.08.01
Chief Financial Officer	R.O.C.	Shu Ju Wu	Female	1999.11.01	131,743	0.17%	0	0.00%	0	0.00%	Graduate School of Accounting, Soochow University Leading Group of Audit Group of Deloitte & Touche Associate Manager of Underwriting Department of MasterLink Securities	Dimwave Fintech Ltd.	None	None	None	

Note 1: Information on the president, vice president, assistant vice president, and the heads of each department and branch, as well as all positions equivalent to the president, vice president or assistant vice president shall be included, regardless of their titles.

Note 2: Experience related to the current position, such as having worked for an auditing and certifying public accounting firm or an affiliated enterprise during the preceding reporting period, and the title of the position held and the position of responsibility shall be stated.

Note 3: In the event that the president or a person holding an equivalent position (top General Manager) and the chairman of the board of directors are the same person, each other's spouse, or a relative of the same degree, relevant information on the reasons, reasonableness, necessity, and response measures (such as increasing the number of independent directors, and requiring that more than half of the directors do not concurrently serve as employees or general managers) shall be disclosed: None.

(III) Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, President, and Vice Presidents

1. Remuneration to Directors and Independent Directors

Unit: NT\$ thousands

Title	Name	Remuneration								Total Remuneration (A+B+C+D) and Ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total Compensation (A+B+C+D+E+F +G) and Ratio to Net Income		Compensation from Ventures Other Than Subsidiaries
		Base Compensation (A)		Severance Pay and Pension (B)		Director Remuneration (C)		Business Execution Expenses (D)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pension (F)		Employee Compensation (G)						
		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		The Company	Companies in the Consolidated Financial Statements	
Cash	Stock															Cash	Stock					
Chairman	Szu Wei Chuang	42	42	0	0	7,852	7,852	0	0	7,894 1.30%	7,894 1.26%	9,329	9,329	0	0	0	0	0	0	17,223 2.83%	17,223 2.76%	0
Director	Shu Yi Chang	42	42	0	0	7,851	7,851	0	0	7,893 1.30%	7,893 1.26%	7,155	7,155	63	63	7,537	0	7,537	0	22,648 3.73%	22,648 3.63%	0
Director	Heng Yu Lin	42	42	0	0	7,851	7,851	0	0	7,893	7,893	0	0	0	0					7,893 1.30%	7,893 1.26%	0
Director	Ju Yin Chuang	42	42	0	0	7,851	7,851	0	0	7,893	7,893	0	0	0	0					7,893 1.30%	7,893 1.26%	0

Title	Name	Remuneration								Total Remuneration (A+B+C+D) and Ratio to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Total Compensation (A+B+C+D+E+F +G) and Ratio to Net Income		Compensation from Ventures Other Than Subsidiaries
		Base Compensation (A)		Severance Pay and Pension (B)		Director Remuneration (C)		Business Execution Expenses (D)				Salary, Bonuses, and Allowances (E)		Severance Pay and Pension (F)		Employee Compensation (G)						
		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		The Company	Companies in the Consolidated Financial Statements	
Cash	Stock															Cash	Stock					
Independent rector	Yao Chang Juan	420	420	0	0	0	0	0	0	402 0.07%	402 0.06%	0	0	0	0	0	0	0	0	420 0.07%	420 0.06%	0
Independent Director	Chun Ju Tou	420	420	0	0	0	0	0	0	402 0.07%	402 0.06%	0	0	0	0	0	0	0	0	420 0.07%	420 0.06%	0
Independent Director	Chia Chung Chen	402	402	0	0	0	0	0	0	402 0.07%	402 0.06%	0	0	0	0	0	0	0	0	402 0.07%	402 0.06%	0

2. Remuneration to the President and Vice Presidents

Unit: NT\$ thousands

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Allowances, etc. (C)		Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Compensation from Ventures Other Than Subsidiaries
		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			
President	Shu Yi Chang	8,579	8,597	426	426	15,205	15,205	22,138	0	22,138	0	46,348 7.62%	46,348 7.42%	0
Vice President	Shu Hsien Hu													
Vice President	Yung Ping Fan													
Vice President	Kuo Cheng Hung													

Range of Remuneration Paid to the President and Vice Presidents	Name of the President and Vice Presidents	
	The Company	Companies in the Consolidated Financial Statements E
Less than NT\$1,000,000		
NT\$1,000,000 (inclusive)–NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive)–NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive)–NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive)–NT\$10,000,000 (exclusive)	Kuo Cheng Hung	Kuo Cheng Hung
NT\$10,000,000 (inclusive)–NT\$15,000,000 (exclusive)	Shu Yi Chang, Yung Ping Fan, Shu Hsien Hu	Shu Yi Chang, Yung Ping Fan, Shu Hsien Hu
NT\$15,000,000 (inclusive)–NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive)–NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive)–NT\$100,000,000 (exclusive)		
Greater Than or Equal to NT\$100,000,000		
Total	4	4

3. Disclosure of Compensation for Top 5 Highest-Paid Executives at Listed and Over-the-Counter Companies, Including Individual Names and Compensation Methodologies

Title	Name	Salary (A)		Severance Pay and Pension (B)		Bonuses and Allowances, etc. (C)		Employee Compensation (D)				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Compensation from Ventures Other Than Subsidiaries
		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			
Chairman	Szu Wei Chuang	2,071	2,071	-	-	7,258	7,258	-	-	-	-	9,329	9,329	-
President	Shu Yi Chang	2,600	2,600	63	63	4,555	4,555	7,537	-	7,537	-	14,755	14,755	-
Vice President	Shu Hsien Hu	2,071	2,071	51	51	4,050	4,050	5,600	-	5,600	-	11,772	11,772	-
Vice President	Yung Ping Fan	1,951	1,951	156	156	4,000	4,000	6,000	-	6,000	-	12,107	12,107	-
Vice President	Kuo Cheng Hung	1,957	1,957	156	156	2,600	2,600	3,000	-	3,000	-	7,713	7,713	-

4. The names of the general managers to whom the employee's compensation is distributed and the status of the distribution

April 1, 2024; Unit: NT\$ thousands

	Title	Name	Stock	Cash	Total	Ratio of Total Amount to Net Income (%)
General Manager	President	Shu Yi Chang	0	25,000	25,000	4.11%
	Vice President of President Office	Shu Hsien Hu				
	Vice President	Yung Ping Fan				
	Vice President	Kuo Cheng Hung				
	Chief Financial Officer	Shu Ju Wu				

(IV) Separate Comparisons and Descriptions of Total Remuneration, as a Percentage of Net Income , as Paid by the Company and All Other Companies Included in the Consolidated Financial Statements During the Past Two Fiscal Years to Directors, Supervisors, the President, and Vice Presidents, with Analysis and Description of Remuneration Policies, Standards, and Packages, Procedure for Determining Remuneration, and Linkage Thereof to Operating Performance and Future Risk Exposure

Unit: NT\$ thousands

Title	2023			2022		
	Total remuneration	Net income after tax	Total remuneration as a percentage of net income after tax	Total remuneration	Net income after tax	Total remuneration as a percentage of net income after tax
Director	31,405	607,883	5.17%	27,355	497,064	5.50%
President and Vice Presidents	46,348		7.62%	48,860		9.83%
Total	77,753		12.79%	76,215		15.33%

The compensation of the directors and supervisors of the Company shall be set forth in the Articles of Incorporation of the Company and shall be approved by the shareholders' meeting, and the Board of Directors shall be authorized to determine the compensation based on the extent of their participation in the operations of the Company (including resolutions on major policies such as business strategies and future operational risks) and the value of their contributions, with reference to the standards of the industry; The President and Vice Presidents shall handle the business of the Company in accordance with the resolutions of the board of directors, and their appointment, dismissal and compensation shall be handled in accordance with the Company Act.

III. Implementation of Corporate Governance

(I) Board of Directors

1. The board of directors has held 8 meetings recently, and the attendance is as follows:

2023 and as at May 4, 2024

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Szu Wei Chuang	8	0	100	-
Director	Shu Yi Chang	8	0	100	-
Director	Heng Yu Lin	8	0	100	-
Director	Ju Yin Chuang	8	0	100	-
Independent Director	Yao-Chang Juan	8	0	100	-
Independent Director	Chun Ju Tou	8	0	100	-
Independent Director	Chia Chung Chen	8	0	100	-
Other matters:					
I. In case of any of the following circumstances in the operation of the board of directors, the date, period, contents of resolutions, opinions of all independent directors, and the Company's handling of the opinions of independent directors shall be stated: The independent directors of the Company have no objection or reserved opinions.					
(I) Matters referred to in Article 14-3 of the Securities and Exchange Act °					
(II) Any recorded or written Board resolutions to which independent directors have dissenting or qualified opinions to be noted in addition to the above.					
II. Regarding recusals of directors due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified: In the discussion of the board of directors of the Company on March 9, 2023 and March 7, 2024, various compensation items in 2023 and 2024 were discussed, and the directors and general managers did not participate in the discussion and resolution due to their interests.					
III. TWSE/TPEX-listed companies shall disclose the evaluation cycle and duration, scope of evaluation, methodology, and evaluation contents of the self (peer) evaluation of the Board of Directors and fill out Table II (2) Implementation of the Evaluation of the Board of Directors: Please refer to the Implementation of the Board of Directors' Evaluation of the Company.					
IV. The objectives of strengthening the functions of the Board of Directors in the current year and the most recent year (such as the establishment of an Audit Committee, enhancing information transparency, etc.) and the evaluation of their implementation: The financial statements of the Company were regularly audited and certified by KPMG Taiwan, and the disclosure of various information required by laws and regulations was completed correctly and timely. A designated person was designated to be responsible for the collection and disclosure of the Company's information, and a spokesperson and acting spokesperson system was established to ensure that all material information is disclosed in a timely and appropriate manner for the reference of shareholders and interested parties with respect to the Company's financial and business information.					

2. The implementation of the evaluation of the board of directors

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation content
Once a year	2023.01.01-2023.12.31	Overall Board of Directors Individual members of directors Functional committees	Self-evaluation of the performance of the Board of Directors, functional committees and members of directors	<p>(1) Performance evaluation of the board of directors: the level of participation of the directors in the operation of the Company and the quality of decisions made by the board of directors are evaluated as excellent</p> <p>(2) Performance evaluation of individual members of directors: each director's mastery of the Company's objectives and tasks, awareness of director's responsibilities, and participation in the Company's operations are excellent, but attendance at shareholders' meetings needs to be strengthened.</p> <p>(3) Performance evaluation of functional committees: the evaluation results of the degree of participation in the Company's operation, the recognition of the functional committees' responsibilities, and the quality of decision-making by functional committees are excellent.</p>

(II) Audit Committee Operational Information

The purpose of the Audit Committee is to assist the Board in its oversight of the Company's performance in relation to the quality and integrity of accounting, auditing, financial reporting processes and financial controls.

The matters considered by the Audit Committee mainly include:

1. Fair presentation of the Company's financial statements.
2. Selection (dismissal) of CPAs and their competence, qualifications, independence and performance.
3. Effective implementation of the Company's internal control.
4. The Company's compliance with the relevant laws and regulations.
5. Control of existing or potential risks of the Company.

As of May 4, 2024 and 2023, the Audit Committee has held 7 meetings (A), and the attendance of independent directors is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Actual attendance (%) (B/A) (Note)	Remarks
Independent Director	Yao Chang Juan	7	0	100%	
Independent Director	Chun Ju Tou	7	0	100%	
Independent Director	Chia Chung Chen	7	0	100%	
Other matters: I. With regard to the operations of the Audit Committee, if any of the following circumstances occur, the dates, terms of the meetings, contents of motions, all Audit Committee resolutions, and the Company's response to the Audit Committee's opinions shall be specified: None. (I) Matters referred to in Article 14-5 of the Securities and Exchange Act.					

Date/Session of Audit Committee Meeting	Contents of Motions	Contents of dissenting opinions, reserved opinions or major suggestions of independent directors	Resolution Results of the Audit Committee	The Company's response to the Audit Committee's opinion
2023.03.09 The 13th Meeting of the 1st Term in 2023	<ol style="list-style-type: none"> 2022 Annual Business Report, Financial Statements and Consolidated Financial Statements of the Company 2022 Annual Earnings Distribution of the Company Amendments to the Company's "Internal Control System" and "Implementation Rules for Internal Audit" 2022 Annual Self-Inspection of Internal Control and Statement of Internal Control System The Company proposes to issue new restricted employee shares for the year 2023. Release newly appointed Directors and their representatives of the Company from non-compete restrictions The Company regularly assesses the independence of the CPAs. Proposed to draft and establish the Company's "Regulations for Pre-Approval and Audit of Non- 	None	Approved by all members present.	It was approved by the directors who participated in the discussion and voting.

	Confidence Services Provided by Certified Public Accounting Firms (including its Global Alliance Member Firms)”, as well as the list of pre-approved non-confidence services and the independence assessment			
2023.04.19 The 14th Meeting of the 1st Term in 2023	The Company continued to dispose of the equity of the re-invested company, HPI Corp.	None	Approved by all members present.	It was approved by the directors who participated in the discussion and voting.
2023.05.05 The 15th Meeting of the 1st Term in 2023	Consolidated Financial Statements of the Company for the First Quarter of 2023	None	Approved by all members present.	It was approved by the directors who participated in the discussion and voting.
2023.08.08 The 1st Meeting of the 2nd Term in 2023	Consolidated Financial Statements of the Company for the Second Quarter of 2023	None	Approved by all members present.	It was approved by the directors who participated in the discussion and voting.
2023.11.08 The 2nd Meeting of the 2nd Term in 2023	1. Consolidated Financial Statements of the Company for the Third Quarter of 2023 2. Issuance of new shares for 2023 restricting employee rights	None	Approved by all members present.	It was approved by the directors who participated in the discussion and voting.
2023.12.21 The 3rd Meeting of the 2nd Term in 2023	The company plans to change the accounting firm and the certified public accountant.	None	Approved by all members present.	It was approved by the directors who participated in the discussion and voting.

2024.03.07 The 4th Meeting of the 2nd Term in 2023(but the 1st Meeting in 2024)	<ol style="list-style-type: none"> 1. The Company's 2023 Annual Business Report, Financial Statements, and Consolidated Financial Statements 2. The Company's 2023 Profit Distribution Proposal 3. Formulation of the Company's the "Code of Practice for Sustainable Development " 4. Established the "Sustainable Development Committee" and formulation of the "Sustainable Development Committee Organizational Rules" 5. Planed to purchase an office in Kaohsiung 6. Amendments to the "Internal Control System" and "Internal Audit Implementation Rules" 7. 2023 Internal Control Self-Assessment and Internal Control System Statement 8. Regularly evaluates the independence of the certified public accountants 9. Proposed revision and formulation of the Company's "Procedures for Prior Approval of Non-Assurance Services" 	None	Approved by all members present.	It was approved by the directors who participated in the discussion and voting.
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	<p>Provided by Certified Public Accountant Firms,” and prior approval list and independence assessment for non-assurance services provided by certified public accountant firms</p>			
<p>(II) Other matters that were not approved by the Audit Committee but were approved by two-thirds or more of all directors.</p> <p>II. Regarding recusals of independent directors due to conflicts of interests, the names of the independent directors, contents of motions, reasons for recusal, and results of voting shall be specified: None.</p> <p>III. Communication between the independent directors and the internal audit supervisor and the CPAs: In addition to monthly audit reports and follow-up reports on the improvement of audit deficiencies submitted to the independent directors by the internal audit department of the Company, the internal audit supervisor shall convene an Audit Committee meeting at least once a quarter to explain the audit business, audit results and follow-up to the independent directors.</p>				

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

Corporate Governance Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons Thereof

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
I. Does the Company establish and disclose its Corporate Governance Best-Practice Principles based on the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	✓		The Company has established a Code of Corporate Governance Practice.	The Code of Corporate Governance Practice will be complied with.
II. Shareholding structure & shareholders’ rights				
(I) Does the Company establish internal operating procedures to deal with shareholders’ suggestions, doubts, disputes, and litigations, and implement based on the procedures?	✓		(I) In addition to appointing a stock affairs agency to handle the matter on its behalf, the Company has also set up a spokesperson system and assigned a special person to properly handle the relevant issues.	There are no special deviations.
(II) Does the Company possess a list of its major shareholders with controlling power as well as the ultimate owners of those major shareholders?	✓		(II) In accordance with Article 25 of the Securities and Exchange Act, the Company shall report on a monthly basis any changes in the shareholding of insiders (directors, supervisors, general managers, and shareholders holding more than 10% of the total number of shares) to the Public Information Observatory on the website designated by the Securities and Futures Commission, and shall use the register of shareholders provided by the stock	There are no special deviations.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	<u>Yes</u>	<u>No</u>	Description	
(III) Has the Company established, and does it execute, a risk management and firewall system within its affiliated companies?	✓		affairs agent to keep track of such changes.	There are no special deviations.
(IV) Has the Company established internal rules against insiders trading with undisclosed information?	✓		(III) Clarify the division of personnel, asset, and financial management rights and responsibilities with the affiliated enterprises, and carry out risk assessment and establish an appropriate firewall. (IV) The Company has established the “Management Procedures for Internal Material Information Processing and Prevention of Insider Trading”.	There are no special deviations.
III. Composition and responsibilities of the Board of Directors				
(I) Has the Board developed, and does it implement, a diversity policy for the composition of its members?	✓		(I) Currently, the Board of Directors of the Company has 7 members (including 3 independent directors). There are two female members in the membership list, and the members have diversified backgrounds in operation, management, finance, legal affairs and technology, and provide advice to the management with their rich experience, so as to facilitate the decision-making units to formulate appropriate operational policies.	(I) There are no special deviations.
(II) Does the Company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee?		✓	(II) At the board of directors meeting held on 2024.03.07, this company has resolved to establish the “Sustainable Development Committee” as a functional committee.	(II) There are no special deviations.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	<u>Yes</u>	<u>No</u>	Description	
(III) Has the Company established standards to measure the performance of the Board, and does the Company implement such annually, and report the results of evaluations to the Board, and use them as a reference for individual directors' compensation and nomination and renewal?	✓		(III) The Company has formulated the performance evaluation method of the Board of Directors and its evaluation method.	(III) There are no special deviations.
(IV) Does the Company regularly evaluate the independence of the CPAs?	✓		(IV) The Audit Committee of the Company regularly assessed the independence of the certifying accountants, which was considered and approved by the Board on March 7, 2024. The evaluation procedures and standards are as follows: <ol style="list-style-type: none"> 1. According to Article 29 of the Code of Practice for Corporate Governance of TWSE/TPEX Listed Companies shall select professional, responsible and independent certified public accountants, and TWSE/TPEX Listed Companies shall regularly (at least once a year) evaluate the independence of the certified public accountants. 2. The Company regularly assesses the independence of the certified public accountants by conducting an inspection through the Company's stock affairs unit to confirm that the certified public accountants do not hold any shareholding in the Company and that the certified public accountants do not concurrently hold any position in the Company. 3. KPMG Taiwan has issued a statement on the role, responsibility and independence of the certified public accountants. 	(IV) Compliance with the Code of Practice on Governance.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
IV. Does the Company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the Board of Directors and the shareholders' meetings, handling company registration and change registration, and producing minutes of Board meetings and shareholders' meetings)?	✓		<p>The Company has designated a corporate governance officer to be responsible for matters related to corporate governance, with the President acting as the convener of the meeting and the personnel of the President's Office and the Finance and Administration Department acting as the participants. The main responsibilities are as follows:</p> <ol style="list-style-type: none"> 1. To plan the appropriate company system and organizational structure, and implement its effective internal control system. 2. To handle matters related to the meetings of the board of directors and the shareholders' meeting in accordance with the law, and assist the Company in complying with the relevant laws and regulations of the board of directors and the shareholders' meeting, prepare the proceedings of the board meetings and shareholders' meetings, and handle matters such as the registration of changes in the Company. 3. To assist the directors in complying with the law by providing them with the information they need to carry out their business and the latest developments in the laws and regulations relating to the operation of the Company. 	There are no special deviations.
V. Has the Company established communication channels and built a dedicated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers) to respond to material corporate social responsibility issues in a proper manner?	✓		The Company has set up contact information and mailboxes on the Company's website and the Public Information Observatory, and can be contacted by telephone or e-mail if necessary.	Compliance with the Code of Practice on Governance.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	<u>Yes</u>	<u>No</u>	Description	
VI. Has the Company appointed a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has entrusted the Stock Affairs Agency Department of Taishin International Bank Co., Ltd. to handle the relevant matters of the Shareholders' Meeting.	There are no special deviations.
VII. Information disclosure				
(I) Does the Company have a corporate website to disclose both the Company's financial standings and corporate governance status?	✓		(I) The Company has set up an official website to introduce its business and disclose relevant information such as financial and corporate governance.	There are no special deviations.
(II) Does the Company have other information disclosure channels (e.g., setting up an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?	✓		(II) The Company has designated a special person to be responsible for the collection and disclosure of company information and the implementation of the spokesperson system.	There are no special deviations.
(III) Does the Company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report the financial statements of the first three quarters, as well as monthly operation results, before the prescribed time limit?		✓	(III) The Company has announced and reported the annual financial report and the operation status of each month in accordance with the statutory time limit, but did not announce in advance.	Notice Periods Aligned with Statutory Requirements

<p>VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer policies, and participation in liability insurance by directors and supervisors)?</p>	✓	<ol style="list-style-type: none"> 1. The basic right to work granted by the Constitution is guaranteed for the employment of persons with physical and mental disabilities. 2. The Company has always adhered to the spirit of "care, contribution and human-centered", fully taking care of the lives of employees, in addition to formulating various welfare measures and setting up employee welfare committees to fully take care of colleagues and protect their lives, such as: birthday gift activities, wedding and funeral celebrations and maternity allowances. 3. Handle shareholder issues and suggestions through the Company spokesperson window. 4. Establish the "Supplier Assessment Procedure" as the purchasing object according to the method, and maintain a good relationship with suppliers in good faith. 5. Directors' continuing education: All directors of the Company possess relevant professional knowledge, and all directors continue to pursue relevant professional courses in accordance with the provisions of the "Reference Examples for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies". 6. Implementation of risk management policies and risk measurement standards: The Company has formulated various internal management rules and regulations, and carried out various risk management and assessment in accordance with the rules. 7. Attendance of Directors at the Board of Directors: The Board of Directors' meeting shall be convened at least once every quarter, and may be convened at any time in case of emergency. The 	<p>There are no special deviations.</p>
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Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	<u>Yes</u>	<u>No</u>	Description	
			attendance of directors at the Board of Directors' meeting is excellent.	
<p>IX. Please explain the improvements made in accordance with the Corporate Governance Evaluation results released by the Taiwan Stock Exchange's Corporate Governance Center, and provide the priorities and plans for improvement with items yet to be improved: Our corporation remains steadfast in its commitment to fortify and refine its operations. In June 2023, the appointment of a corporate governance officer was effectuated. The shareholders' assembly for the 2024 is slated for 2024.05.30. On 2024.03.07, the board of directors passed a resolution to institute the "Sustainable Development Committee," draft the "Organizational Regulations for the Sustainable Development Management Committee," and delineate the "Best Practices for Sustainable Development" of the company. Additionally, our corporation is set to unveil the "2023 Compucase Enterprise Co., Ltd. Sustainability Report" in June 2024, which will undergo meticulous third-party validation for substantiation..</p>				

(IV) Composition, Duties, and Operation of the Compensation Committee:

(1) Professional Qualifications and Independence Analysis of Compensation Committee Members

Identification	Criteria		Professional qualifications and experience	Independence	Number of Other Public Companies Where the Individual Concurrently Serves as a Compensation Committee Member
	Name				
Convener independent director	Yao Chang Juan	Financial Accounting and Organizational Leadership Circulation related industry	Compliance with independence	0	
Committee Member	I Te Liu	Organizational Leadership and Strategic Management Information Service Related Industries	Compliance with independence	0	
Committee member independent director	Chun Ju Tou	Legal and organizational leadership Information media related industry	Compliance with independence	0	

Note: The Company's Compensation Committee members do not include individuals who serve as directors, supervisors, or employees of the Company or its affiliated enterprises currently, nor have any such roles in the preceding two years. Additionally, the members, their spouses, or relatives within the second degree of kinship do not hold any shares of the Company, either directly or through nominee arrangements. They also do not serve as directors, supervisors, or employees of any company with a specific relationship with the Company as defined in Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of Companies Whose Stock is Listed on the Stock Exchange or Traded Over-the-Counter. Furthermore, in the last two years, they have not received any remuneration from the Company or its affiliated enterprises for providing commercial, legal, financial, accounting or other professional services.

(2) Operation Status of the Compensation Committee

I. There are three members in the Remuneration Committee,

II. The term of office of the current members is from June 08, 2023 to May 30, 2026. The Compensation Committee has held three meetings in the recent year (A). The qualifications and attendance of the members are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Actual attendance (%) (B/A) (Note)	Remarks
Convener	Yao Chang Juan	3	0	100%	-
Committee Member	I Te Liu	3	0	100%	-
Committee Member	Chun Ju Tou	3	0	100%	-

Note:

- (1) If a member of the Compensation Committee leaves before the end of the year, the date of resignation shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of meetings held by the Compensation Committee and the number of actual attendances during his term of office.
- (2) Prior to the end of the year, if there is a re-election of the Compensation Committee, the new and former members of the Compensation Committee shall be listed, and whether the member is a former member, a new member, or a member who is reappointed, and the date of re-election shall be indicated in the remarks column. The actual attendance rate (%) shall be calculated based on the number of meetings held by the Compensation Committee and the number of actual attendances during his term of office.

III. Other matters:

- (1) If the Board of Directors refuses to adopt or amend a recommendation from the Compensation Committee, the date of the meeting, session, contents of the motions, resolution by the Board of Directors, and the Company's response to the Compensation Committee's opinion (e.g., the circumstances and cause for the difference if the compensation passed by the Board of Directors exceeds the recommended amount by the Compensation Committee) shall be specified: None.
- (2) If there were resolutions by the Compensation Committee to which members have dissenting or qualified opinions, and for which there is a record or declaration in writing, the date of the meeting, session, contents of the motions, all members' opinions, and the response to members' opinions shall be specified: None.

(3) Details of the meetings of the Compensation Committee in 2023 are as follows:

Compensation Committee	Contents of Motions and follow-up treatment	Resolution Results	The Company's handling of the opinions of the Compensation Committee.
The 7th meeting of the 4th Term 2023.3.9	<ol style="list-style-type: none"> 1. Reviewed the Company's 2022-year plan for the compensation of employees and the compensation of directors and supervisors. 2. Reviewed the various salary and compensation items to be implemented by the Company in 2023. 	Passed by all members of the committee unanimously	Passed by the board of directors according to the approval of the Compensation Committee.
The 1st Meeting of the 5th Term 2023.06.27	<ol style="list-style-type: none"> 1. Elected the convener and the chairperson of the Compensation Committee. 2. Discussed the distribution of employee compensation and director compensation for the Company in 2022. 	Passed by all members of the committee unanimously	Passed by the board of directors according to the approval of the Compensation Committee.
The 2nd of the 5th Term 2023.11.08	Reviewed are the Company's 2023 list of employees holding managerial or directorial positions, as well as the quantity of restricted employee stock options issued.	Passed by all members of the committee unanimously	Passed by the board of directors according to the approval of the Compensation Committee.
The 3rd Meeting of the 5th Term 2024.03.07	<ol style="list-style-type: none"> 1. Reviewed the plan for allocation of employee compensation and director compensation for the Company in 2023. 2. Reviewed the various salary and compensation items proposed for implementation by the Company in 2024. 	Passed by all members of the committee unanimously	Passed by the board of directors according to the approval of the Compensation Committee.

(V) Implementation of the Promotion of Sustainable Development and the Deviations from the Code of Practice for Sustainable Development of Listed Companies and the Reasons

Promoted items	Implementation (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
I. Has the Company established a governance structure to promote sustainable development, and set up exclusively (or concurrently) dedicated units to promote sustainable development, which is authorized by the board of directors to be handled by senior management, and is supervised by the board of directors?	✓		At a board meeting in March 2024, the company resolved to established the “Sustainability Development Committee” in order to support and implement the corporate sustainability objective. This committee is in charge of organizing CSR initiatives, establishing guidelines and aspirations for sustainable development, advocating relevant management practices and achievable business approaches, while ensuring their execution. The committee, led by of the Chief Sustainability Officer and the Chief Human Resources Officer, is chaired by the latter. It also includes two independent directors. Finding sustainability issues deemed pertinent to the business’s operations and stakeholders’ concerns is the mission of the Sustainability Development Committee. By creating relevant programs for steps and operational guidelines to deal with such issues. progressively, the team monitors, evaluates, and implements transformations to these tactics and regulations based on their effectiveness.	There are no significant deviations.

Promoted items	Implementation (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons									
	Yes	No	Description										
II. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish relevant risk management policies or strategies?	✓		<div>1. This disclosure data contains pertinent information for the 2023 (January 1, 2023 to December 31, 2023) and is based on the firm as the reporting entity.</div> <div>2. The company has examined the concerns pertaining to our business operations, commercial partnerships, and sustainability context through the material issue identification procedure. The primary subjects for 2023 have been committed. Through the GRI 3 Material Topic Management, we shall proficiently confront issues that our stakeholders acquire concerning.</div> <div>3. The following risk management policies or strategies are developed in accordance with the risk assessment:</div> <table><tr><th>Primary Subjects</th><th>Risk assessment</th><th>Description</th></tr><tr><td>Environment</td><td>Environmental Impact and Management</td><td>Though climate change might not instantly harm the company’s business model, we intend to keep a close tab on it in order to consult pertinent data from international organizations to deeper comprehend the risks associated with it and offer mitigation strategies.</td></tr><tr><td>Society</td><td>Human resource</td><td>The company is committed to fostering an</td></tr></table>	Primary Subjects	Risk assessment	Description	Environment	Environmental Impact and Management	Though climate change might not instantly harm the company’s business model, we intend to keep a close tab on it in order to consult pertinent data from international organizations to deeper comprehend the risks associated with it and offer mitigation strategies.	Society	Human resource	The company is committed to fostering an	There are no significant deviations.
Primary Subjects	Risk assessment	Description											
Environment	Environmental Impact and Management	Though climate change might not instantly harm the company’s business model, we intend to keep a close tab on it in order to consult pertinent data from international organizations to deeper comprehend the risks associated with it and offer mitigation strategies.											
Society	Human resource	The company is committed to fostering an											

Promoted items	Implementation (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			management and compensation system	inclusive and diverse internal workforce environment. It will enhance employee benefits and prioritize safeguarding the health and safety of its personnel. Transparency will be upheld through open communication channels. Employees will be encouraged to participate in social responsibility initiatives within the community. A fair, transparent, and performance-based compensation system shall be implemented. Furthermore, a monitoring mechanism subject to continuous improvement will be established to ensure adherence to these commitments.
			Training and education	The company will keep offering its staff training in professional skills, leadership, personal development plans, environmental and social issues, strengthening ESG knowledge and awareness,

Promoted items	Implementation (Note 1)					Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description			
					while developing an internal learning culture over an extended period of time.	
				Benefits and entitlements	The company is committed to providing competitive compensation and benefits, ensuring employee health, safety, work-life balance and career development opportunities. It will promote a diverse, inclusive and engaged workforce environment through open communication channels. Furthermore, the company will uphold labor rights and support social responsibility initiatives.	
			Gouvernement	General corporate governance	The company will uphold governance transparency through public reporting, maintain independent directors and oversight mechanisms to emphasize the protection of shareholder rights. It will continually optimize risk management and internal control processes. Ethical	

Promoted items	Implementation (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			<div>conduct and an ethical corporate culture will be actively advocated. Pay transparency and reasonableness will be achieved. The company ensures stakeholder participation in its operations. Moreover, it is committed to continuous improvement and evaluation of its practices.</div> <div>The company's sustainability report will provide detailed disclosures and outline strategies regarding its major focus areas and material issues.</div>	
III. Environmental issues (I) Has the Company established environmental management systems based on its industry's characteristics? (II) Is the Company committed to improving energy efficiency and using recycled materials with low environmental impact?		✓ ✓	(I) The Company is not a manufacturing company, so the ISO14001 is not applicable. (II) The Company actively promotes e-operation and thoroughly implements resource classification and recycling activities to safeguard the earth's resources and environment. When procuring devices in the future, the company will give preference to products bearing ESG-related certifications such as ENERGY STAR, RoHS	In the future, it will be implemented in accordance with the provisions of the law.

Promoted items	Implementation (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(III) Does the Company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter the issues?		✓	(Restriction of Hazardous Substances), and Carbon Trust Standard. (III) The company does not face substantial risks, as it has consistently utilized the most reliable and mature software components available in the market. If required, the company possesses the capability to integrate relevant technologies and components based on its engineers' expertise during the development process. In addition to its current offerings like cloud computing, the company can develop and commercialize low-carbon technology products.	
(IV) Does the Company take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and formulate policies on greenhouse gas reduction, water reduction, or waste management?		✓	(IV) The Company has completed the schedule planning for the greenhouse gas inventory and verification, and expects to complete the inventory planning by December 2026 and complete the verification by December 2028. This plan had been reported at the board meeting on May 6, 2022.	

<p>IV. Social Issues</p> <p>(I) Has the Company formulated appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(II) Does the Company formulate and implement reasonable employee benefit measures (including compensation, leave, and other benefits) and appropriately employee compensation based on operating performance or results?</p> <p>(III) Does the Company provide a healthy and safe work environment, and does it organize health and safety training for its employees on a regular basis?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company abides by the relevant labor laws and regulations and respects the internationally recognized principles of basic labor human rights, protects the legitimate rights and interests of employees, and adopts an open two-way communication approach for the promotion of the Company's policies and the understanding of employees' opinions.</p> <p>(II) The Company has formulated and implemented reasonable employee welfare measures. There is a moderate salary adjustment every year, and the payment amount of the performance bonus of employees will be increased with the improvement of performance. Every year, according to the Articles of Incorporation of the Company, 7.5% of the profit is allocated for employee's compensation.</p> <p>(III)</p> <ol style="list-style-type: none"> 1. In compliance with the Occupational Safety and Health Management Regulations, the company has appointed a full-time "Class A Occupational Hygiene and Health Specialist" and has implemented an occupational safety and health management system covering all employees throughout the country. 2. We routinely enter into a "Labor Health Service Contract" to supply on-site medical care with 	<p>There are no significant deviations.</p>
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			<p>licensed professional nurses (or physicians). Employee health exams are performed annually.</p> <p>3. Established several operational procedures in relation to occupational safety: the “Workplace Maternity Labor Health Protection Implementation Plan,” “Workplace Sexual Harassment Prevention Measures, Complaint and Disciplinary Regulations,” “Health Service Plan for Middle-aged and Elderly Workers,” “Illegal Infringement Prevention Plan,” “Human Factor Hazard Prevention Plan,” and “Abnormal Workload-induced Disease Prevention Plan.”</p>	
(IV) Has the Company established effective career development and training plans for its employees?	✓		<p>(IV) Both extensive on-the-job training and a variety of courses are offered by the company. These consist of professional training, group training, on-the-job learning and development courses, new employee training, and a variety of job-related domestic and international training programs. Employees can further develop their professional skills and abilities, as well as stimulate and nourish potential, through professional training and contact among themselves.</p>	
(V) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its	✓		<p>(V) The Company formulates customer complaint handling standards and customer feedback handling procedures, establishes a customer-oriented quality system, and uses objective</p>	

<p>products and services and set up relevant consumer or customer protection policies and complaint procedures?</p>		<p>methods to comprehensively evaluate customer satisfaction with the Company’s products or services, so as to understand the gap between customer needs and expectations, as the basis for improving the quality system, so as to achieve the goal of sustainable operation of enterprises.</p>																									
<p>(VI) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on issues, such as environmental protection, occupational safety and health, or labor rights? If so, describe the results.</p>		<p>(VI) The company gathers pertinent data and conducts yearly supplier evaluations prior to entering into a contract with a supplier. The “Supplier Evaluation Form” requirements are used to identify new suppliers who comply with principles and to meet the company’s expectations for sustainable development. For instance, all of the equipment that is in use now complies with environmental regulations such as RoHS or ENERGY STAR. Frequent reviews of suppliers are carried out; in the event that any item on the anti-corruption assessment is broken, the evaluation will fail and be tagged as unqualified. The procurement department will not accept orders from the provider and remove them from the qualified supplier list.</p> <table><tr><th colspan="4">供應商評鑑標準</th></tr><tr><th>■ 供應能力</th><th>■ 價格交貨項目</th><th>■ 服務能力</th><th>■ 反貪腐評估</th></tr><tr><td>✓ 公司永續性</td><td>✓ 交期</td><td>✓ 維護能力</td><td>✓ 法遵原則</td></tr><tr><td>✓ 品質要求</td><td>✓ 票期</td><td>✓ 合格工程師</td><td>✓ 誠信原則</td></tr><tr><td>✓ 庫存品、維護品之提供</td><td>✓ 價格</td><td>✓ 教育支援</td><td>✓ 訂單原則</td></tr><tr><td></td><td></td><td>✓ 技術資料支援</td><td></td></tr></table> <p>A review of 125 suppliers was done in 2023, and the result of the evaluation revealed that each one of them passed.</p>	供應商評鑑標準				■ 供應能力	■ 價格交貨項目	■ 服務能力	■ 反貪腐評估	✓ 公司永續性	✓ 交期	✓ 維護能力	✓ 法遵原則	✓ 品質要求	✓ 票期	✓ 合格工程師	✓ 誠信原則	✓ 庫存品、維護品之提供	✓ 價格	✓ 教育支援	✓ 訂單原則			✓ 技術資料支援		
供應商評鑑標準																											
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		✓ 技術資料支援																									

Promoted items	Implementation (Note 1)			Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
V. Does the Company refer to internationally accepted standards or guidelines for the preparation of reports and prepare reports that disclose non-financial information of the Company, such as sustainable development reports? Are the reports certified or assured by a third-party accreditation body?	✓		We will be launching the “2023 Dimerco Data System Corp. Sustainability Report” in June 2024. It has been independently confirmed by an assurance provider.	There are no significant deviations.
VI. Describe the difference, if any, between actual practice and the sustainable development principles, if the Company has established such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: The Board of Directors authorized “the Code of Practice for Sustainable Development” on 2024.03.07, and the company has adopted it in order to fulfill its corporate social duty and advance social, environmental, and economic advancement toward the goal of sustainable development.				
VII. Other important information to help understand the implementation of promoting sustainable development: None.				

Note 1: For Implementation, If “Yes” is checked, please specify the important policies, strategies, measures adopted and the implementation status; if “No” is checked, please explain the deviations and reasons in the column of “Deviations from the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons”, and explain the plan for adopting relevant policies, strategies and measures in the future.

Note 2: The principle of materiality refers to environmental, social and corporate governance issues that have a significant impact on the Company’s investors and other stakeholders.

(VI) Climate-Related Financial Disclosures for Listed Companies: Implementation and Reporting Requirements

Items	Implementation
<p>I. Disclosure of Climate-Related Risk and Opportunity Oversight and Governance by the Board of Directors and Management</p>	<p>Climate change impacts are intensifying. While the company’s business model is not directly affected, “future preparedness” remains an integral aspect of sustainable operations. Despite the absence of a dedicated risk management unit currently, the company referred to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) to establish an initial framework for the first three core elements of “governance”, “strategy”, and “risk management” in 2023. This initiative aims to comprehend the implications of climate-related risks and propose corresponding mitigation measures.</p> <p>In 2024, the company will constitute a Sustainability Development Committee and formulate governing organizational bylaws and a Sustainability Development Code of Practice. This committee will be mandated to develop, promote, and reinforce the company’s critical policies and action plans pertaining to sustainable development objectives, including climate-related considerations.</p> <p>During each board meeting, comprehensive reporting on greenhouse gas emissions inventorying, verification planning, and implementation progress will be presented. Subsequently, status updates on the greenhouse gas emissions inventorying and verification schedule execution will continue to be provided to the board on a quarterly basis.</p>

<p>II. Disclosure of Climate-Related Risk and Opportunity Impacts on Company Operations, Strategy, and Financial Position Over Short, Medium, and Long-Term Timeframes</p>	<p>To address integrated environmental considerations, the organization has instituted energy conservation initiatives that factor sustainable perspectives into the company's commercial operations. Relevant measures have been formulated as follows:</p> <ol style="list-style-type: none"> 1. Energy Efficiency and Conservation Measures: Implementation of energy-saving technologies, deployment of energy-efficient equipment and systems such as high-efficiency cooling infrastructure, LED lighting solutions, and low-power server hardware to reduce overall energy consumption levels. 2. Environmental Monitoring and Reporting Mechanisms: Establishment of an environmental monitoring system to track carbon footprint data, water usage metrics, and energy consumption figures to ensure effective execution of defined strategies. 3. Supplier Collaboration and Green Procurement Practices: Engagement with hardware suppliers mandating the provision of environmentally-friendly products and materials to diminish the environmental impact of goods throughout product lifecycles.
<p>III. Disclosure of Impacts from Acute Climate Events and Transition Mitigation Actions on Financial Performance</p>	<p>The Company's operational activities are not directly impacted by acute physical climate events. However, the Company will continue to refer to the recommendations outlined in the Task Force on Climate-Related Financial Disclosures (TCFD) by the Financial Stability Board(FSB). This is to comprehensively assess the financial implications of climate-related risks and develop corresponding strategic mitigation and adaptation measures.</p>

<p>IV. Disclosure on Climate Risk Identification, Assessment, and Management Process Integration with Overall Risk Management Framework</p>	<p>In accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company shall establish a Sustainability Committee and formulate corresponding organizational charters in 2024. The committee shall comprise at least three members appointed by the Board of Directors, with a majority being independent directors. The committee's mandate is to assist the Board in continuously advancing corporate sustainability initiatives and enhancing governance mechanisms to achieve sustainable operational practices. The committee's responsibilities shall include:</p> <ol style="list-style-type: none"> 1. Formulating the strategic direction, objectives, and policies for corporate sustainability, and developing specific implementation plans and management frameworks. 2. Promoting and executing initiatives related to corporate integrity and ethical conduct. 3. Monitoring, reviewing, and revising the implementation status and effectiveness of corporate sustainability programs. 4. Addressing any additional matters delegated by the Board of Directors. <p>The committee is scheduled to convene no less than two meetings annually and may call additional sessions as required.</p>
<p>V. If climate change risk resilience is assessed using scenario analysis, the scenario, parameters, assumptions, analysis factors, and major financial impacts used should be explained.</p>	<p>The Company has not yet utilized scenario analysis methodologies to evaluate its resilience to climate-related risks.</p>

<p>VI. If there is a transition plan for managing climate-related risks, explain the content of the plan, as well as the indicators and targets used to identify and manage entity risks and transition risks.</p>	<p>The Company's indicators and targets for managing climate risk transition are as follows:</p> <ol style="list-style-type: none"> 1. Increasingly Stringent Equipment Energy Efficiency Regulations: Future equipment procurement will prioritize products bearing ESG-related certifications such as ENERGY STAR, RoHS (Restriction of Hazardous Substances), and Carbon Trust Standards. 2. Low-Carbon Technologies Superseding Existing Offerings: The Company's development framework has consistently relied on the most mature and stable software components available, mitigating substantial risks. If future demands necessitate, corresponding low-carbon technologies and components can be integrated into development processes per engineers' expertise. Low-carbon solutions will be developed and commercialized concurrently with existing offerings, such as cloud service provisioning. 3. Investments in Innovative Carbon Reduction Technologies: Information technology companies must invest in exploring various cloud service provider ecosystems, cloud migration processes, cloud environment management, cloud security, network optimization, virtual patching, workload balancing, and accept inherent innovation risks when developing pioneering low-carbon technologies.
<p>VII. If an internal carbon pricing mechanism is employed as a planning instrument, the company shall provide disclosure explaining the basis for carbon price determination.</p>	<p>The Company has not yet implemented internal carbon pricing for planning purposes.</p>

<p>VIII. Relevant data related to the projects addressed, the scope of greenhouse gas emissions, the duration of the planning process, along with the annual progress should be included if emphasizes associated with climate change are set forth.</p> <p>Disclosure of the sources and volumes of carbon offsets or the quantity of Renewable Energy Certificates (RECs) should occur if these targets are met through the usage of these assets.</p>	<p>An inventory of greenhouse gases has not yet been introduced by the company we run. The following is the current schedule:</p> <table border="1" data-bbox="1126 284 2051 598"> <thead> <tr> <th>Items</th><th>Expected Completion Time</th></tr> </thead> <tbody> <tr> <td>Establish a dedicated (part-time) unit, number of dedicated (part-time) personnel, and their scope of duties</td><td>December 2023</td></tr> <tr> <td>Establish an inventory plan</td><td>December 2024</td></tr> <tr> <td>Complete inventory/establish verification plan</td><td>December 2026</td></tr> <tr> <td>Complete verification</td><td>December 2028</td></tr> </tbody> </table> <p>To facilitate conclude the data collection and statistics for the greenhouse gas inventory for the “2023 Sustainability Report,” the firm’s attributed colleagues collaborated with the ESG consultant. Plus, it will proceed with the remaining data collection and statistics based on the ESG consultant’s recommendations regarding the statistical items for the greenhouse gas inventory.</p>	Items	Expected Completion Time	Establish a dedicated (part-time) unit, number of dedicated (part-time) personnel, and their scope of duties	December 2023	Establish an inventory plan	December 2024	Complete inventory/establish verification plan	December 2026	Complete verification	December 2028		
Items	Expected Completion Time												
Establish a dedicated (part-time) unit, number of dedicated (part-time) personnel, and their scope of duties	December 2023												
Establish an inventory plan	December 2024												
Complete inventory/establish verification plan	December 2026												
Complete verification	December 2028												
<p>IX. Conditions for the greenhouse gas inventory and assurance, including reduction goals, tactics, and detailed action plans (to be filled in 1-1 and 1-2).</p>	<p>It still does not possess a greenhouse gas inventory in the company. Currently, our plans call for the introduction of ISO 14064-1 in 2025 and the first use of the conversion tool offered by the Environmental Protection Agency’s Environmental Protection Administration in 2023.</p> <table border="1" data-bbox="1126 1043 2051 1350"> <thead> <tr> <th>Item</th><th>2023</th></tr> </thead> <tbody> <tr> <td>Scope 1: Direct greenhouse gas emissions (tonCO₂e)</td><td>0.3127</td></tr> <tr> <td>Scope 2: Indirect greenhouse gas emissions (tonCO₂e)</td><td>558.2115</td></tr> <tr> <td>Total emissions = Scope 1 + Scope 2 (tonCO₂e)</td><td>558.5242</td></tr> <tr> <td>Organization-specific metric (number of people)</td><td>410</td></tr> <tr> <td>Greenhouse gas emission intensity (tonCO₂e/full-time employee)</td><td>1.36</td></tr> </tbody> </table> <p>Explanation:</p> <ol style="list-style-type: none"> Scope 1: Direct greenhouse gas emissions refer to emissions 	Item	2023	Scope 1: Direct greenhouse gas emissions (tonCO ₂ e)	0.3127	Scope 2: Indirect greenhouse gas emissions (tonCO ₂ e)	558.2115	Total emissions = Scope 1 + Scope 2 (tonCO ₂ e)	558.5242	Organization-specific metric (number of people)	410	Greenhouse gas emission intensity (tonCO ₂ e/full-time employee)	1.36
Item	2023												
Scope 1: Direct greenhouse gas emissions (tonCO ₂ e)	0.3127												
Scope 2: Indirect greenhouse gas emissions (tonCO ₂ e)	558.2115												
Total emissions = Scope 1 + Scope 2 (tonCO ₂ e)	558.5242												
Organization-specific metric (number of people)	410												
Greenhouse gas emission intensity (tonCO ₂ e/full-time employee)	1.36												

	<p>directly from sources owned or controlled by the organization.</p> <ol style="list-style-type: none"> 2. Scope 2: Energy indirect emissions refer to indirect greenhouse gas emissions from the input of electricity, heat, or steam. 3. Greenhouse gas emission factors refer to the Greenhouse Gas Emission Factor Management Table 6.0.4 published by the Environmental Protection Administration, with the latest announced coefficients used for calculation. 4. This table uses the conversion tool provided by the Ministry of Environment for conversion. 5. Greenhouse gases include Nitrous Oxide N₂O, Methane CH₄, Carbon Dioxide CO₂, Hydrofluorocarbons HFCs, Perfluorocarbons PFCs, Sulfur Hexafluoride SF₆, Nitrogen Trifluoride NF₃, etc.
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(VII) Implementation of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies: In order to create an operating environment for sustainable development, the Company has established a good corporate governance and risk control mechanism based on good faith, and conducted its business activities in a fair and transparent manner.

Implementation of Ethical Corporate Management and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and senior management towards implementation of such policy?	✓		(I) The Company has formulated the “ Ethical Corporate Management Best Practice Principles” which has been approved by the Board of Directors. The Board of Directors and the management have fully understood the policy of Ethical Corporate Management and have implemented it in internal management and external business activities.	There are no significant deviations.
(II) Does the Company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risks of unethical conduct within the scope of business? Does the Company implement programs to prevent unethical conduct accordingly and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate	✓		(II) The Company has formulated the “Ethical Corporate Management Best Practice Principles” to set out the Company’s policy on ethical corporate management. The operating procedures, behavior guidelines, and disciplinary and appeal systems for violations shall be specified and implemented.	There are no significant deviations.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
<p>Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(III) Does the Company define the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the Company enforce the programs effectively and perform regular reviews and amendments?</p>	✓		<p>(III) The Company has formulated the “Ethical Corporate Management Best Practice Principles”, which stipulates that the directors, supervisors, general managers and employees of the Company shall not directly, indirectly offer, promise, request or accept improper advantages when conducting business, or offer or accept improper advantages through other channels to customers, agents, contractors, suppliers, public officials or other interested parties. The terms of the contract may be terminated or rescinded at any time upon discovery of any dishonest act of the business counterpart.</p>	There are no significant deviations.
<p>II. Fulfillment of ethical corporate management</p> <p>(I) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in the business contracts?</p>	✓		<p>(I) The Company shall consider the legality of contractors, suppliers, customers, or other trading partners and whether there is any dishonest behavior before conducting business transactions, and shall conduct credit investigation in a timely manner.</p>	There are no significant deviations.
	✓			

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
(II) Does the Company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors that reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		(II) In order to improve the management of honest operation, the auditing office is responsible for formulating and supervising the implementation of honest operation policies and preventive plans, and regularly reports to the board of directors.	There are no significant deviations.
(III) Does the Company establish policies to prevent conflicts of interest, provide appropriate communication channels, and implement them accordingly?	✓		(III) The Company has established a “Code of Ethics” which defines the conflict of interest policy and provides an appropriate channel of representation.	There are no significant deviations.
(IV) Does the Company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit devise audit plans based on the results of unethical conduct risk assessments and audit the systems accordingly to prevent unethical conduct, or hire external CPAs to perform the audits?			(IV) The Company has established an effective accounting system and internal control system. In addition to regular auditing by the internal audit unit and reporting to the board of directors on the status of the audit, the Company also appoints Deloitte & Touche to carry out quarterly auditing of the accounts.	There are no significant deviations.
(V) Does the Company regularly hold internal and external educational trainings on ethical corporate management?	✓		(V) The Company shall regularly conduct education, training, and advocacy for directors, general managers, employees, appointees, and substantive controllers, and shall invite	There are no significant deviations.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
			counterparts engaged in business activities with the Company to participate, so that they can fully understand the Company's determination to operate in good faith, its policies, preventive plans, and the consequences of violating dishonest practices.	
<p>III. Operation of the whistle-blowing system</p> <p>(I) Has the Company established both a reward/whistle-blowing system and convenient whistle-blowing channels? Are appropriate personnel assigned to the accused party for the follow-up?</p> <p>(II) Does the Company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures?</p> <p>(III) Does the Company provide proper whistleblower protection?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Code of Conduct for Employees" to provide channels for reporting, and the responsible unit will accept all reports.</p> <p>(II) The Company has established the "Code of Conduct for Employees" to carry out its investigation procedures in accordance with the standard operating procedures for the investigation of reported matters, and adopt a confidentiality mechanism for reported matters.</p> <p>(III) The Company provides channels for reporting and keep confidential the identity of the informant and the content of the report.</p>	There are no significant deviations.

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Description	
IV. Strengthening information disclosure Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	✓		At present, the Company's website has disclosed the relevant information of ethical corporate management.	There are no significant deviations.
V. If the Company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe the implementation and any deviations from the Principles: N/A.				
VI. Other important information to facilitate a better understanding of the Company's ethical corporate management : The Company has always adhered to the principle of ethical corporate management and won the trust of customers and manufacturers.				

(VIII) Corporate Governance Guidelines and Regulations and the Inquiry Method: the Corporate Governance Guidelines and Regulations has been posted on the Company's website.

(IX) Other important information sufficient to enhance the understanding of the operation of corporate governance: With regard to the establishment of procedures for handling material internal information to avoid insider trading, the Board of Directors of the Company has approved the Internal Control System Proposal on "Management of Prevention of Insider Trading". In addition, on March 15, 2012, the Board of Directors approved the addition of the internal control system of "Management of the Operation of the Compensation Committee", "Management of the Application of International Accounting Standards", and "Process of Accounting Professional Judgment, Accounting Policies and Estimated Changes", and included them in the annual internal control system self-evaluation. It is hereby communicated to the directors, general managers and employees that the relevant provisions shall be complied with. The Company has adopted the Corporate Governance Best-Practice Principles in Year 2020, and upon the expiration of the term of office of the supervisor in Year 2020, Three independent

directors were elected at the shareholders' meeting on June 3, 2020, and the Audit Committee was established in that year. In the board meeting on March 7, 2024, the company resolved to establish the "Sustainable Development Committee" to coordinate corporate social responsibility, formulate the direction and goals of sustainable development, propose relevant management policies, and put forward and implement specific promotion plans.

(X) Disclosures Required for the Implementation of the Internal Control System:

1. Statement of Internal Control: see page 263 for details.
2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA Audit Report shall be disclosed: None.

(XI) Penalties imposed upon the Company and its employees in accordance with the law or penalties imposed by the Company upon its employees for the violation of the internal control system policy, major deficiencies, and improvements during the most recent fiscal year up to the date of publication of the Annual Report: None.

(XII) Major Resolutions of Shareholders' Meeting and Board Meetings During the Most Recent Fiscal Year up to the Date of Publication of the Annual Report:

1. See page 264 for details of important resolutions of the shareholders' meeting, extraordinary shareholders' meeting and board of directors' meeting.
2. Contents and implementation of important resolutions of the annual shareholders' meeting in 2022:
 - (1) Reporting matters:
 - a. 2021 Annual Business Report and 2022 Annual Business Plan.
 - b. 2021 Annual Audit Committee Review Report.
 - c. 2021 Annual report on the distribution of compensation to employees and directors and supervisors.
 - d. 2021 report on the distribution of cash dividends from earnings.
 - e. Report on the disposal of equity stake in the investment company HPI Corp.
 - (2) Recognized Matters:

2021 Business Report, Financial Statement and Consolidated Financial Statement.

- a. 2021 Earnings Distribution Table: The stock dividend is about NT\$ 0.5 per share and the cash dividend is about NT\$ 4.0 per share.
- b. Status of Execution: The chairman was given permission by the shareholders' meeting on May 31, 2023, to establish the dividend record date as June 24, 2023 and the payment date as July 14, 2023.

(3) Items for discussion:

- a. Modified restrictions for the issuance of 2021 restricted employee stock options.
- b. The issuance of 2023 New Restricted Employee Shares.
- c. The company is currently liquidating its investment in HPI Corp.

(4) Election matters: Re-election of directors

List of elected directors: Ssu-Wei Chuang, Heng-Yu Lin, Shu-I Chang and Ju-Yin Chuang

Independent Directors: Yao-Chang Juan, Chun-Ju Tou, and Chia-Chung Chen

The term of office shall begin on May 31, 2023 and expire on May 30, 2026.

(5) Other proposals: The case of lifting the non-competition restrictions for new directors and their representatives.

(XIII) Any Dissenting Opinion Expressed by a Director or Supervisor with Respect to a Major Resolution Passed by the Board of Directors During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report, Where Said Dissenting Opinion Has Been Recorded or Prepared as a Written Declaration, and Its Main Content: None.

(XIV) A Summary of Resignations and Dismissals of the Company's Chairman, President, Accounting Supervisor, Financial Manager, Chief Internal Auditor, Corporate Governance Officer, or Research and Development Officer During the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report: None.

IV. Information on CPA Professional Fees:

- (I) The Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: In consideration of the company's overall operations and management, starting from the fiscal year 2023, it is proposed to appoint KPMG Taiwan to provide financial statement review and audit certification services..
- (II) The audit fees have decreased by 10% or more as compared to the previous year: It is expected that the scope of the audit will be reduced due to the divestiture of HPI Corp..

Certified Public Accountant Fee Information

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Period	Audit Fee	Non-audit Fee	Total	Remarks
Deloitte & Touche	Meng Chieh Chiu	2023.01.01-2023.09.30	800	500	1,300	-
	Chin Tsung Cheng	2023.01.01-2023.09.30				
KPMG Taiwan	Po Shu Huang	2023.01.01-2023.12.31	590	360	890	-
	Chung Shun Wu	2023.01.01-2023.12.31				

Note: Non-audit public expenses include public expenses such as tax visa, capital increase and issuance of new shares, checking of new shares and registration of changes.

V. Change of Accountant Information:

(I) About the predecessor CPA

Replacement date	21,December 2023			
Replacement reason and description	According to the internal work scheduling and arrangement of KPMG Taiwan , the predecessor CPAs Meng Chieh Chiu, and Chin Tsung Cheng were replaced by Po Shu Huang and Chung Shun Wu.			
Description of termination or non-acceptance of appointment by the appointee or CPA	Status of the involved parties		CPA	Appointee
	Initiative termination of appointment			✓
	No longer acceptance (continuance) of appointment			
Audit report opinions other than unqualified opinions issued within the last two years and the reasons	None			
Any disagreement with the Issuer	Yes		Accounting principles or practices	
			Disclosure of financial report	
			Scope or step of check	
			Others	
	None	✓		
	Explanation			
Other matters to be disclosed (Article 10, Paragraph 6, Item 1-4 to Item 1-7 of these Guidelines shall be disclosed)	None			

(II) About the successor CPA

Accounting Firm	KPMG Taiwan
Name of CPA	CPAs Huang Po Shu and Wu Chung Shun
Date of appointment	22,December 2023
Accounting treatment or accounting principles for specific transactions prior to the appointment and the matters and results of the consultation on the possible issuance of opinions on financial reports.	None
Successor CPAs' written opinions on matters with different opinions from the predecessor CPAs	None

(III) Reply of the predecessor CPAs to matters in Item 1 and Item 2-3 of Paragraph 6 of Article 10 of these Guidelines:None.

VI. Once acting as chairman, president, or general manager in charge of financial or accounting affairs who has been employed by the CPA firm to which the CPA belongs or by its affiliated enterprise within the most recent year: None.

VII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, General Manager, or Shareholder with a Stake of More than 10 Percent:

(I) Changes in Shareholding of Directors, General Managers, and Major Shareholders

Title	Name	2023		Current year ended April 1	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
Chairman	Szu Wei Chuang	(1,000,000)	0	0	0
Director	Shu Yi Chang	14,000	0	0	0
Director	Heng Yu Lin	0	0	0	0
Director	Ju Yin Chuang	(15,000)	0	0	0
Vice President	Shu Hsien Hu	14,000	0	0	0
Vice President	Yung Ping Fan	14,000	0	0	0
Chief Financial Officer	Shu Ju Wu	14,000	0	0	0

(II) Where the counterpart of equity transfer or pledge is a related party, the name of the counterpart, the relationship with the Company, directors, supervisors, and shareholders holding more than 10% of the shares, and the number of shares acquired or pledged shall be disclosed:

i Equity Transfer Information:

Name (Note 1)	Reason for equity transfer (Note 2)	Trade Date	Counterparty	Relationships between the counterparties and the company, directors, supervisors, managers, and shareholders holding more than 10% of the shares	Number of Stocks	Transaction price
Szu Wei Chuang	Gift	2023.05.08	HUNG I CHIU	Spouse	1,000,000	106

Note 1: List the names of the company's directors, supervisors, managers, and shareholders holding more than 10% of the shares.

Note 2: Fill in whether the transaction is an acquisition or disposal.

ii Pledged equity information: None.

VIII. Relationship among the Company's 10 Largest Shareholders who are Related to, Spouse of, or a Relative Within the Second Degree of Kinship of Another.

April 1, 2024

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Name and relationship between the company's top ten shareholders, or spouses or relatives within the second degree of kinship.		Remarks
	Shares	%	Shares	%	Shares	%	Company Name	Relation	-
Szu Wei Chuang	3,550,704	4.65%	2,586,872	3.39%	-	-	Hung I Chiu Chih Chieh Chuang Ju Yin Chuang Chih Yang Chuang	Spouse Father and son Father and daughter Father and son	-
Hung I Chiu	2,586,872	3.39%	3,550,704	4.65%	-	-	Szu Wei Chuang Chih Chieh Chuang Ju Yin Chuang Chih Yang Chuang	Spouse Mother and son Mother and Daughter Mother and son	-
Hsueh I Sun	2,555,292	3.35%	0	0.00%	-	-	Heng Yu Lin	Mother and son	
Taiwan Cooperative Bank is entrusted with the custody of the restricted shares with voting rights and dividend distribution rights of employees of Dimerco Data System Corporation	1,996,000	2.62%	0	0.00%	-	-	-	-	-
Chih Yang Chuang	1,488,468	1.95%	0	0.00%	-	-	Szu Wei Chuang Hung I Chiu Chih Chieh Chuang Ju Yin Chuang	Father and son Mother and son Brother Elder sister and younger brother	-

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Name and relationship between the company's top ten shareholders, or spouses or relatives within the second degree of kinship.		Remarks
	Shares	%	Shares	%	Shares	%	Company Name	Relation	-
Heng Yu Lin	1,455,563	1.91%	168,000	0.22%	-	-	Hsueh I Sun	Mother and son	-
Chih Chieh Chuang	1,375,117	1.80%	0	0.00%	-	-	Szu Wei Chuang Hung-I Chiu Chih Yang Chuang Ju Yin Chuang	Father and son Mother and son Brother Elder brother and younger sister	-
Ju Yin Chuang	1,283,458	1.68%	11,549	0.02%	-	-	Szu Wei Chuang Hung-I Chiu Chih Chieh Chuang Chih Yang Chuang	Father and daughter Mother and daughter Elder brother and younger sister Elder sister and younger brother	-
Te Hui Chiao	1,259,722	1.65%	0	0.00%	-	-	-	-	-
Ying Hua Huang	1,163,508	1.53%	0	0.00%	-	-	-	-	-

IX. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, General Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

Unit: Share

Investee business	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/General Managers		Total Ownership	
	Shares	Shareholding %	Shares	Shareholding %	Shares	Shareholding %
Dimwave Fintech Ltd. (Note 1)	600,000	30	-	-	600,000	30
HPI Corp. (Note 2)	-	-	-	-	-	-

Note 1: In order to continuously focus on the operation and development needs of software development, the Company sold 50% of its shares in December 2022. After the disposal, Dimerco held 30% of the shares and lost control. Therefore, Dimerco have been classified as affiliated enterprises since December 2023 and are not required to be included in the consolidated financial statements of Dimerco.

Note 2: HPI Corp. is a subsidiary of the Company. In order to meet the needs of operation development and focus on software development and professional services, the board of directors of the Company has resolved to sell all the shares of HPI Corp. on April 7, 2022. Subsequently, 3,332,000 shares were sold in April 2022. After the sale, the shareholding ratio of the Company decreased from 62.27% to 48.43%. On top of that, in June 2023, the remaining shares are sold.

Chapter 4. Capital Overview

I. Capital and Shares

(I) Sources of Capital

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (in Thousands)	Amount (NT\$ thousands)	Number of Shares (in Thousands)	Amount (NT\$ thousands)	Sources of Capital (NT\$ thousands)	Capital Increase by Assets Other than Cash	Others
1981.11	1,000	1	1,000	1	1,000	Establishment of capital 1,000	None	—
1984.02	1,000	20	20,000	20	20,000	Cash capital increase 19,000	None	—
1989.01	10	2,800	28,000	2,800	28,000	Capital increase transferred from earnings 4,000 Capital increase from capital reserve 4,000	None	—
1990.01	10	5,200	52,000	5,200	52,000	Cash capital increase 17,000 Earnings transferred to capital 7,000	None	—
1990.09	10	6,544	65,440	6,544	65,440	Capital increase transferred from earnings 13,440	None	—
1997.09	10	13,000	130,000	13,000	130,000	Cash capital increase 51,472.0 Earnings transferred to capital 11,779.2 Capital increase from capital reserve 1,308.8	None	—
1998.08	10	16,120	161,200	16,120	161,200	Capital increase transferred from earnings 18,200 Capital increase from capital reserve 13,000	None	Note 1
1999.07	10	20,852	208,524	20,852	208,524	Capital increase transferred from earnings 36,040 Capital increase from capital reserve 11,284	None	Note 2
2000.07	10	44,100	441,000	26,672	266,725	Capital increase transferred from earnings 52,131 Capital increase transferred from employee bonus 6,070	None	Note 3
2001.08	10	47,100	471,000	31,078	310,781	Capital increase transferred from earnings 38,408 Capital increase transferred from employee bonus 5,648	None	Note 4
2002.09	10	47,100	471,000	35,881	358,806	Capital increase transferred from earnings 41,955 Capital increase transferred from employee bonus 6,069	None	Note 5
2003.08	10	44,700	447,000	40,000	400,000	Capital increase transferred from earnings 34,210 Capital increase transferred from employee bonus 6,984	None	Note 6
2004.12	10	48,000	480,000	44,565	445,647	Capital increase transferred from earnings 38,140 Capital increase transferred from employee bonus 7,507	None	Note 7
2005.04	10	78,000	780,000	44,711	447,114	Shares converted from corporate bonds 1,467	None	—

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (in Thousands)	Amount (NT\$ thousands)	Number of Shares (in Thousands)	Amount (NT\$ thousands)	Sources of Capital (NT\$ thousands)	Capital Increase by Assets Other than Cash	Others
2005.08	10	78,000	780,000	49,841	498,413	Capital increase transferred from earnings 42,745 Capital increase transferred from employee bonus 8,355 Shares converted from corporate bonds 200	None	Note 8
2005.09	10	96,800	968,000	47,981	479,813	Cancelled treasury shares 18,600	None	—
2005.10	10	96,800	968,000	48,212	482,127	Shares converted from corporate bonds 2,314	None	—
2006.01	10	96,800	968,000	48,682	486,828	Shares converted from corporate bonds 4,701	None	—
2006.03	10	96,800	968,000	50,138	501,380	Shares converted from corporate bonds 14,552	None	—
2006.07	10	96,800	968,000	52,018	520,186	Shares converted from corporate bonds 18,806	None	—
2007.07	10	96,800	968,000	55,667	556,678	Shares converted from corporate bonds 36,492	None	—
2007.10	10	96,800	968,000	55,981	559,813	Shares converted from corporate bonds 3,135	None	—
2008.04	10	96,800	968,000	56,056	560,559	Shares converted from corporate bonds 746	None	—
2008.07	10	96,800	968,000	56,243	562,425	Shares converted from corporate bonds 1,866	None	—
2008.08	10	96,800	968,000	58,861	588,613	Capital increase from capital reserve 26,188	None	Note 9
2009.02	10	96,800	968,000	55,105	551,053	Cancelled treasury shares 37,560	None	Note 10
2011.08	10	96,800	968,000	56,182	561,824	Capital increase from capital reserve 10,771	None	Note 11
2014.01	10	96,800	968,000	73,682	736,824	Cash capital increase 350,000	None	Note 12
2015.08	10	96,800	968,000	62,630	626,301	Capital reduction in cash 110,523	None	Note 13
2021.08	10	96,800	968,000	68,893	688,930	Capital increase from capital reserve/ earnings 62,630	None	Note 14
2021.10	10	96,800	968,000	70,893	708,930	New restricted employee shares 2,000	None	Note 15
2022.03	10	96,800	968,000	70,879	708,790	Cancelled new restricted employee shares 140	None	Note 16
2022.09	10	96,800	968,000	70,831	708,310	Cancelled new restricted employee shares 480	None	Note 17
2022.09	10	96,800	968,000	74,375	743,750	Capital increase transferred from earnings 35,439	None	Note 17
2022.11	10	96,800	968,000	74,347	743,470	Cancelled new restricted employee shares 280	None	Note 18
2022.12	10	96,800	968,000	74,335	743,350	Cancelled new restricted employee shares 120	None	Note 19
2023.03	10	96,800	968,000	74,323	743,230	Cancelled new restricted employee shares 120	None	Note 20
2023.07	10	96,800	968,000	74,309	743,090	Cancelled new restricted employee shares 140	None	Note 21
2023.12	10	96,800	968,000	76,295	762,955	Capital increased 2,000 and Cancelled new restricted employee shares 135	None	Note 22

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Number of Shares (in Thousands)	Amount (NT\$ thousands)	Number of Shares (in Thousands)	Amount (NT\$ thousands)	Sources of Capital (NT\$ thousands)	Capital Increase by Assets Other than Cash	Others
2024.04	10	96,800	968,000	76,285	762,855	Cancelled new restricted employee shares 100	None	Note 23

- Note 1: The capital increase was approved by the Securities and Futures Commission of the Ministry of Finance in the letter of July 9, 1998 (87) Tai Cai Zheng(I) No.58925.
- Note 2: The capital increase was approved by the Securities and Futures Commission of the Ministry of Finance in the letter of July 7, 1999 (87) Tai Cai Zheng(I) No.62357.
- Note 3: The capital increase was approved by the Securities and Futures Commission of the Ministry of Finance in the letter of June 9, 2000 (89) Tai Cai Zheng(I) No.50033.
- Note 4: The capital increase was approved by the Securities and Futures Commission of the Ministry of Finance in the letter of May 30, 2001 (90) Tai Cai Zheng(I) No.133648.
- Note 5: The capital increase was approved by the Securities and Futures Commission of the Ministry of Finance in the letter of June 18, 2002 (91) Tai Cai Zheng (I) Zi No.0910132968.
- Note 6: The capital increase was approved by the Securities and Futures Commission of the Ministry of Finance in the letter of June 10, 2003 (92) Tai Cai Zheng (I) Zi No.0920125446.
- Note 7: The capital increase was approved by the Securities and Futures Commission of the Ministry of Finance in the letter of June 11, 2004 (93) Tai Cai Zheng (I) Zi No.0930126097.
- Note 8: The capital increase was approved by the Financial Supervisory Commission of the Executive Yuan in the letter of June 13, 2005 Jin Guan Zheng (I) Zi No.0940123571.
- Note 9: This capital increase was approved by the Financial Supervisory Commission of the Executive Yuan in the letter of June 25, 2008 Jin Guan Zheng (I) Zi No.0970031750.
- Note 10: The cancellation of treasury shares was approved by the Financial Supervisory Commission of the Executive Yuan in the letter of April 29, 2009 Jin Guan Zheng (III) Zi No.0980018819.
- Note 11: The capital increase was approved by the Financial Supervisory Commission of the Executive Yuan in the letter of July 6, 2011 Jin Guan Cheng Fa Zi No.1000031354.
- Note 12: The capital increase was approved by the Financial Supervisory Commission of the Executive Yuan in the letter of December 11, 2013 Jin Guan Zheng Fa Zi No.1020049778.
- Note 13: The capital reduction was approved by the Financial Supervisory Commission of the Executive Yuan in the letter of June 28, 2015 Jin Guan Zheng Fa Zi No.1040027505.
- Note 14: The capital increase was approved by the Ministry of Economic Affairs in the letter of August 31, 2021 Jing Shou Shang Zi No.11001151500.
- Note 15: The capital increase was approved by the Financial Supervisory Commission of the Executive Yuan in the letter of September 30, 2021 Jin Guan Zheng Fa Zi No.1100359118.
- Note 16: The capital reduction was approved by the Ministry of Economic Affairs in the letter of April 1, 2022 Jing Shou Shang Zi No. 11101047620.
- Note 17: The capital increase and decrease was approved by the Ministry of Economic Affairs in the letter of October 17, 2022 Jing Shou Shang Zi No.11101193760.
- Note 18: The capital reduction was approved by the Ministry of Economic Affairs in the letter of November 18, 2022 Jing Shou Shang Zi No.11101221820.
- Note 19: The capital reduction was approved by the Ministry of Economic Affairs in the letter of January 10, 2023 Jing Shou Shang Zi No.11230000490.
- Note 20: The capital reduction was approved by the Ministry of Economic Affairs in the letter of March 27, 2023 Jing Shou Shang Zi No.11230045500.
- Note 21: The capital reduction was approved by the Ministry of Economic Affairs in the letter of July 7, 2023 Jing Shou Shang Zi No.11230115540.
- Note 22: The capital increase was approved by the Financial Supervisory Commission of the Executive Yuan in the letter of October 27, 2023 Jin Guan Zheng Fa Zi No.1120358956.
- The capital reduction was approved by the Ministry of Economic Affairs in the letter of December

21,2023 Jing Shou Shang Zi No.11230234410.

Note 23: The capital reduction was approved by the Ministry of Economic Affairs in the letter of April 2, 2024
Jing Shou Shang Zi No.11330043860.

April 1, 2024

Unit: shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total	
Common stock	76,295,495	20,504,505	96,800,000	Listed shares (2,917,000 new restricted employee shares)

(II) Shareholder Structure

April 1, 2024

Shareholder Structure Quantity	Government Agencies	Financial Institutions	Other Institutional Shareholders	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	13	66	11,426	67	11,573
Shareholding (Shares)	101	3,874,597	3,723,545	63,799,750	4,897,502	76,295,495
Percentage of Ownership	0.00%	5.08%	4.88%	83.62%	6.42%	100.00%

(III) Shareholding Distribution Status

April 1, 2024

Range of Shareholding (shares)	Number of Shareholders	Shareholding (Shares)	Percentage of Ownership
1 ~ 999	4,260	931,086	1.22%
1,000 ~ 5,000	5,782	11,071,503	14.51%
5,001 ~ 10,000	754	5,457,536	7.15%
10,001 ~ 15,000	270	3,282,117	4.30%
15,001 ~ 20,000	127	2,252,190	2.95%
20,001 ~ 30,000	137	3,341,492	4.38%
30,001 ~ 40,000	53	1,857,276	2.43%
40,001 ~ 50,000	35	1,580,920	2.07%
50,001 ~ 100,000	69	5,138,010	6.73%
100,001 ~ 200,000	40	5,168,185	6.77%
200,001 ~ 400,000	18	5,201,535	6.82%
400,001 ~ 600,000	9	4,410,418	5.78%
600,001 ~ 800,000	2	1,318,177	1.73%
800,001 ~ 1,000,000	6	5,416,990	7.10%
1,000,001 or over	11	19,868,060	26.04%
Total	11,573	76,295,495	100.00%

(IV) List of Major Shareholders

April 1, 2024

Shareholder's Name	Shareholding (Shares)	Percentage of Ownership
Szu Wei Chuang	3,550,704	4.65%
Hung I Chiu	2,586,872	3.39%
Hsueh I Sun	2,555,292	3.35%
Taiwan Cooperative Bank is entrusted with the custody of the restricted shares with voting rights and dividend distribution rights of employees of Dimerco Data System Corporation	1,996,000	2.62%
Chih Yang Chuang	1,488,468	1.95%
Heng Yu Lin	1,455,563	1.91%
Chih Chieh Chuang	1,375,117	1.80%
Ju Yin Chuang	1,283,458	1.68%
Te Hui Chiao	1,259,722	1.65%
Ying Hua Huang	1,163,508	1.53%

(V) Market Price, Net Worth, Earnings, and Dividends, and Related Information per Share for the Past Two Fiscal Years

Item		Year	2022	2023	First quarter of 2024
Market Price per Share	Highest		74.60	118.00	147.50
	Lowest		63.10	68.10	113.50
	Average		69.64	98.67	135.77
Net Worth per Share	Before distribution		27.75	31.86	
	After distribution		22.75	25.86	
Earnings per share	Weighted Average Shares		72,437 (thousand shares)	72,660 (thousand shares)	-
	Earnings per share (Note 2)	Before Adjustment	6.86	8.37	-
		After Adjustment	6.86	8.37	-
Dividends per Share	Cash Dividends		5.0	6.0	-
	Stock Dividends	Dividends from Retained Earnings	5.0	5.5	-
		Dividends from Capital Surplus	0	0.5	-
	Accumulated Undistributed Dividends		0	0	-
Return on Investment	Price/Earnings Ratio		10.15	11.79	-
	Price/Dividend Ratio		13.93	16.45	-
	Cash Dividend Yield Rate		7.18%	6.08%	-

Note 1: The earnings distribution motion has not yet been approved by the shareholders' meeting.

Note 2: Calculated based on the weighted average shares in the current year.

(VI) Dividend Policy and Implementation Status

1. The Articles of Incorporation of the Company stipulates that:

Article XXI: If the Company has profit in the year (the so-called profit refers to the profit before deduction of the employee's and director's compensation from the year's profit before tax), 7.5% shall be distributed as employee compensation and no more than 3.75% as director and supervisor compensation. When there is a cumulative deficit (including the amount of adjustment of undistributed earnings), the Company shall reserve such an amount in advance for compensation.

The employee compensation referred to in the preceding paragraph may be paid in stock or cash, and may be paid to the employees of the controlled or subordinate companies who meet the conditions set by the board of directors. The compensation of the directors and supervisors referred to in the preceding paragraph may only be paid in cash.

The implementation of the preceding two paragraphs shall be decided by the board of directors and reported to the shareholders' meeting.

Article XXI-I: If there is net profit after tax in the current period in the annual final accounts of the Company, the accumulated losses shall be made up first (including the adjustment of the amount of undistributed earnings), and 10% shall be allocated as the legal reserve according to the law; however, when the legal reserve has reached the total paid-in capital of the Company, this restriction shall not apply. Appropriation or reversal of the special reserve in accordance with the law or the regulations of the competent authority. The remaining reserve, together with the undistributed earnings at the beginning of the same period (including the amount of adjustment of undistributed earnings), shall be proposed by the board of directors with a earnings distribution proposal and submitted to the shareholders' meeting for resolution to distribute dividends to shareholders.

The board of directors of the Company shall, by a resolution of a majority of the directors present at a meeting at which two-thirds or more of the directors are present, distribute all or part of the dividends and bonuses, capital reserve, or legal reserve to be distributed in the form of cash, and shall report to the shareholders' meeting. The provisions of the preceding paragraph requiring a resolution by the shareholders' meeting shall not apply. The dividend policy of the Company is to allocate no less than 70% of the distributable earnings each year to distribute dividends to shareholders in line with the current and future development plans, taking into account the investment environment, capital needs and domestic and foreign competition conditions, as well as taking into account the interests of shareholders and other factors. However, if the cumulative distributable earnings is less than 10% of the paid-in capital, it may not be distributed; Dividends may be distributed to shareholders in the form of cash or shares, of which cash dividends shall not be less than 10% of the total amount of dividends.

2. Distribution of Dividends Proposed in the Shareholders' Meeting

The board of directors has resolved to distribute a cash dividend of NT\$ 5.5 per share for the Company's 2023 earnings distribution plan, which will be reported at this shareholders' meeting. The corporation distributes cash dividends from capital surplus, with a cash dividend of NT\$0.5 per share, as indicated at the meeting.

Unit: NT\$

Cash dividend of NT\$ 5.5 per share	NT\$ 419,570,223
Capital reserve paid out in cash, NT\$0.5 cash dividend per share	NT\$ 38,142,748

If the number of shares outstanding is affected due to the subsequent changes in the share capital of the Company, and the dividend distribution (share) rate of shareholders is changed and needs to be revised, a request shall be made to the shareholders' meeting to authorize the chairman to deal with it at his sole discretion.

(VII) Effect upon business performance and earnings per share and shareholders' return on investment of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: There was no issuance of bonus shares at this shareholders' meeting.

(VIII) Compensation of Employees, Directors, and Supervisors:

- Information on the compensation of employees, directors and supervisors as set out in the Articles of Incorporation: If the Company has profit in the year (the so-called profit refers to the profit before deduction of the employee's and director's remuneration from the year's profit before tax),
 - 7.5% shall be distributed as employee compensation.
 - The compensation of directors and supervisors shall not be higher than 3.75%.
(Please also refer to the dividend policy on page 46)
- The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: If there is any change in the amount after the date of adoption and publication of the annual financial report, it shall be adjusted and recorded in the next year according to the change in accounting estimates.
- Distribution of compensation of employees, directors, and supervisors approved in the board of directors meeting:
 - On March 7, 2024, the board of directors of the Company resolved to distribute the cash compensation of NT\$ 62,809,452 to the employees and NT\$ 31,404,726 to the directors. And submitted it to the annual shareholders' meeting for report. There is no deviation between the resolution of the board of directors and the annual estimated amount of recognized expenses.

- (2) Proposed amount of employee share-based compensation and its proportion to the total of net income after tax and total employee compensation in the individual financial report for the current period: Not applicable as they are distributed in cash.
4. The amount of staff compensation, stock dividends and compensation of directors and supervisors for 2022 in the Year 2023 is as follows:

Unit: In Thousands of New Taiwan Dollars; in Thousands of Shares

Item	Actual allotment as resolved in the shareholders' meeting	Proposed allotment approved by the original Board of Directors	Number of deviations	Reason for the deviations
I. Allotment situation				
1. Employee cash bonus	\$ 51,999	\$ 51,999	\$ 0	None
2. Employee stock bonus				
(1) Shares	0	0	0	None
(2) Amount	0	0	0	None
(3) Proportion of the number of shares outstanding in the current year	0%	0%	0%	None
3. Compensation for directors and supervisors	\$ 25,999	\$ 25,999	0	None

(IX) Share Repurchases: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Shares: None.

V. Employee Stock Options: None.

VI. New Restricted Employee Shares

April 1, 2024

Type of new restricted employee shares	The first (issue) new restricted employee shares in 2021	The first (issue) new restricted employee shares in 2023
Approval date and total number of shares	2021.09.30 with 2,000,000 shares	2023.10.27 with 2,000,000 shares
Date of issue (Note 2)	2021.10.04	2023.11.08
Number of issued new restricted employee shares	2,000,000 shares	2,000,000 shares
Number of issuable new restricted employee shares	0 shares	0 shares
Issue price	NT\$ 30.4	NT\$ 51.25
Ratio of number of the issued new restricted employee shares to the total number of shares issued	2.82%	2.69%
Vested conditions for new restricted employee shares	<p>The Employee is still employed by the Company prior to the expiration date of his/her term of office, and has not violated the labor contract, work rules and relevant provisions of the Measures, and the “Vested” conditions are as follows:</p> <ol style="list-style-type: none"> 1. After two years of service from the date of grant, 50% of the new restricted employee shares are vested. 2. After four years of service from the date of grant, 50% of the new restricted employee shares are vested. 	<p>The Employee is still employed by the Company prior to the expiration date of his/her term of office, and has not violated the labor contract, work rules and relevant provisions of the Measures, and the “Vested” conditions are as follows:</p> <ol style="list-style-type: none"> 1. After two years of service from the date of grant, 50% of the new restricted employee shares are vested. 2. After four years of service from the date of grant, 50% of the new restricted employee shares are vested.
Restricted rights of new restricted employee shares	<ol style="list-style-type: none"> 1. The employee shall not sell, pledge, transfer, donate to another person, create, or otherwise dispose of the new restricted employee shares are required. in which the employee’s rights are restricted before the “Vested” conditions are met. 	<ol style="list-style-type: none"> 1. The employee shall not sell, pledge, transfer, donate to another person, create, or otherwise dispose of the new restricted employee shares are required. in which the employee’s rights are restricted

	<p>2. The new restricted employee shares have the right to participate in the distribution of dividends and the right to subscribe for additional shares, and the distribution dividends obtained by them are not subject to the restrictions on the vesting period. The distribution dividends will be transferred to the individual accounts of employees from the trust accounts after the date of distribution at no cost.</p> <p>3. Upon issuance of the new restricted employee shares, the employee shall immediately deliver them to the trust or custodian as agreed, and shall not request the trustee or custodian bank to return the new restricted employee shares for any reason or in any manner before the vested conditions are fulfilled.</p>	<p>before the “Vested” conditions are met.</p> <p>2. The new restricted employee shares have the right to participate in the distribution of dividends and the right to subscribe for additional shares, and the distribution dividends obtained by them are not subject to the restrictions on the vesting period. The distribution dividends will be transferred to the individual accounts of employees from the trust accounts after the date of distribution at no cost.</p> <p>3. Upon issuance of the new restricted employee shares, the employee shall immediately deliver them to the trust or custodian as agreed, and shall not request the trustee or custodian bank to return the new restricted employee shares for any reason or in any manner before the vested conditions are fulfilled.</p>
Custody of new restricted employee shares	Delivered to trust custody	Delivered to trust custody
Method of dealing with employees who fail to meet the vested conditions after being allotted or subscribing for new shares	<p>1. Resignation voluntarily: On the date of resignation, restricted employee stock that has yet to meet the vesting requirements will be considered to have ceased to qualify for vesting. In compliance with the law, the company will cancel and repurchase its shares at the price of original issuance.</p> <p>2. Leave of absence: The seniority period for determining the vesting of restricted employee stock that has not yet met the vesting conditions will be suspended for employees who have received special approval from the company for a leave of absence. This</p>	<p>1. Resignation voluntarily: On the date of resignation, restricted employee stock that has yet to meet the vesting requirements will be considered to have ceased to qualify for vesting. In compliance with the law, the company will cancel and repurchase its shares at the price of original issuance.</p> <p>2. Leave of absence: The seniority period for determining the vesting of restricted employee stock that has not yet met the vesting conditions will be suspended for employees who have received special approval</p>

	<p>suspension will last from the date of the leave of absence until the date of the employee's reinstatement, at which point it will resume proportionately. Following reinstatement, the amount of restricted employee stock that is vested until the next vesting period ends will be determined by dividing the total number of vested shares that were gained in accordance with this Article's Section (3) by the actual number of days that the employee was employed (rounded to the closest share). The residual shares will be bought back and cancelled by the company.</p> <p>3. Retirement: Upon the employee's effective retirement date, the firm will repurchase and cancel their shares at the original issue price in compliance with the law if any restricted employee stock has not met the vesting conditions. However, the Chairman may award all or a portion of the restricted employee stock that has not yet completed the vesting requirements in the case of employees who have subscribed to restricted employee stock for more than a year, taking into consideration the individual's overall contributions and special achievements.</p> <p>4. Termination in compliance with labor laws and regulations: On the initial date of termination, the employee forfeits their vesting rights and the company, in compliance with the law, repurchases and cancels their shares at the original issue price if their restricted employee stock has not met the vesting conditions.</p> <p>5. Transfer to affiliates: Treatment in the case of unvested restricted stock will be voluntary resignation.</p>	<p>from the company for a leave of absence. This suspension will last from the date of the leave of absence until the date of the employee's reinstatement, at which point it will resume proportionately. Following reinstatement, the amount of restricted employee stock that is vested until the next vesting period ends will be determined by dividing the total number of vested shares that were gained in accordance with this Article's Section (3) by the actual number of days that the employee was employed (rounded to the closest share). The residual shares will be bought back and cancelled by the company.</p> <p>3. Retirement: Upon the employee's effective retirement date, the firm will repurchase and cancel their shares at the original issue price in compliance with the law if any restricted employee stock has not met the vesting conditions. However, the Chairman may award all or a portion of the restricted employee stock that has not yet completed the vesting requirements in the case of employees who have subscribed to restricted employee stock for more than a year, taking into consideration the individual's overall contributions and special achievements.</p> <p>4. Termination in compliance with labor laws and regulations: On the initial date of termination, the employee forfeits their vesting rights and the company, in compliance with the law, repurchases and cancels their</p>
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	<p>Unvested stock, however, is still subject to Section (3) vesting schedules/proportions with continuous employment at the specified affiliate if transferred for business purposes. To ascertain the transferee's eligibility for vesting, the Chairman will consult the transferee's performance review. Vesting for manager/director employees is contingent upon board approval and review by the Compensation Committee.</p> <p>6. Death: The number of vested shares, if any restricted employee stock remains unvested, will be determined by rounding down to the next whole share based on the number of months for which the employee worked. Before applying to receive the shares or interests to be inherited, the heir must, after the fact, complete the required legal procedures in accordance with the pertinent provisions of the Civil Code and the guidelines for handling stock affairs of public companies. They must also provide pertinent supporting documentation.</p>	<p>shares at the original issue price if their restricted employee stock has not met the vesting conditions.</p> <p>5. Transfer to affiliates: Treatment in the case of unvested restricted stock will be voluntary resignation. Unvested stock, however, is still subject to Section (3) vesting schedules/proportions with continuous employment at the specified affiliate if transferred for business purposes. To ascertain the transferee's eligibility for vesting, the Chairman will consult the transferee's performance review. Vesting for manager/director employees is contingent upon board approval and review by the Compensation Committee.</p> <p>6. Death: The number of vested shares, if any restricted employee stock remains unvested, will be determined by rounding down to the next whole share based on the number of months for which the employee worked. Before applying to receive the shares or interests to be inherited, the heir must, after the fact, complete the required legal procedures in accordance with the pertinent provisions of the Civil Code and the guidelines for handling stock affairs of public companies. They must also provide pertinent supporting documentation.</p>
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Number of the new restricted employee shares that have been withdrawn or bought back	147,503 shares	10,000 shares
Number of the new restricted employee shares the restrictions of which have been lifted	935,497 shares	0 shares
Number of the new restricted employee shares the restrictions of which have not been lifted	917,000 shares	1,990,000 shares
Ratio of the new restricted employee shares the restrictions of which have not been lifted to the total issued shares (%)	1.20%	2.61%
Impact on Shareholders' Equity	The dilution of earnings per share of the Company is limited, so there is no significant impact on shareholders' equity.	The dilution of earnings per share of the Company is limited, so there is no significant impact on shareholders' equity.

General Managers who have obtained the new restricted employee shares, and the names of the top ten employees who have obtained such new shares and the status of the obtaining

First Time in 2021

April 1, 2024

	Title (Note 1)	Name	Number of the new restricted employee shares obtained	Ratio of the number of the new restricted employee shares to the total number of issued shares (Note 4)	Where the restricted rights are lifted (Note 2)				Where the restricted rights are not lifted (Note 2)			
					Number of Shares the restrictions of which have been lifted	Issue price	Issue amount	Ratio of the shares the restrictions of which have been lifted to the total issued shares (Note 4)	Number of the shares the restrictions of which have not been lifted	Issue price	Issue amount	Ratio of the shares the restrictions of which have not been lifted to the total issued shares (Note 4)
General Manager	President/ Director	Shu Yi Chang	132,000	0.17%	66,000	30.4	2,006,400	0.09%	66,000	30.4	2,006,400	0.09%
	Vice President of President Office	Shu Hsien Hu										
	Vice President of President Office	Yung Ping Fan										
	Vice President of Software Department	Kuo Cheng Hung										
	Chief Financial Officer	Shu Ju Wu										
Staff (Note 3)	Consultant	Hung Yun Chiu	176,000	0.23%	88,000	30.4	2,675,200	0.12%	88,000	30.4	2,675,200	0.12%
	Assistant Vice President	Shih Che Chien										
	Assistant Vice President	Huan Kun Su										
	Manager	Chia Ling Chang										
	Assistant Vice President	Kuo Hua Huang										
	Assistant Vice President	Hsiao Yung Hsieh										
	Assistant Vice President	Yen Wei Lu										
	Assistant Vice President	Li Fei Lin										
	Assistant Vice President	Chun Te Ho										
	Consultant	Chun Chiang Ma										

First Time in 2023

April 1, 2024

	Title (Note 1)	Name	Number of the new restricted employee shares obtained	Ratio of the number of the new restricted employee shares to the total number of issued shares (Note 4)	Where the restricted rights are lifted (Note 2)				Where the restricted rights are not lifted (Note 2)			
					Number of Shares the restrictions of which have been lifted	Issue price	Issue amount	Ratio of the shares the restrictions of which have been lifted to the total issued shares (Note 4)	Number of the shares the restrictions of which have not been lifted	Issue price	Issue amount	Ratio of the shares the restrictions of which have not been lifted to the total issued shares (Note 4)
General Manager	President/Director	Shu Yi Chang	182,000	0.24%	0	0	0	0	182,000	51.25	9,327,500	0.24%
	Vice President of President Office	Shu Hsien Hu										
	Vice President of President Office	Yung Ping Fan										
	Vice President of Software Department	Kuo Cheng Hung										
	Chief Financial Officer	Shu Ju Wu										
Staff (Note 3)	Consultant	Hung Yun Chiu	154,000	0.20%	0	0	0	0	154,000	51.25	7,892,500	0.20%
	Assistant Vice President	Shih Che Chien										
	Assistant Vice President	Huan Kun Su										
	Manager	Chia Ling Chang										
	Assistant Vice President	Kuo Hua Huang										
	Assistant Vice President	Hsiao Yung Hsieh										
	Assistant Vice President	Yen Wei Lu										
	Assistant Vice President	Li Fei Lin										
	Assistant Vice President	Chun Te Ho										
	Consultant	Chun Chiang Ma										

Note 1: The names and titles of individual employees shall be disclosed, including general managers and employees (those who have resigned or died shall be indicated), but the status of their allocation or subscription may be disclosed in a consolidated manner.

Note 2: The number of columns is adjusted according to the actual number of issues.

Note 3: The top ten employees who obtained new restricted employee shares refer to employees other than general managers.

Note 4: The total number of issued shares is the number of shares registered with the Ministry of Economic Affairs.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VIII. Implementation of the Company's Capital Allocation Plans:

Analysis of the capital allocation plan for the previous cash capital increase, merger and acquisition, transfer of shares of other companies, issuance of new shares or issuance of corporate bonds:

1. Previous uncompleted cash capital increase plan: None.
2. Where the actual completion date of the previous cash capital increase plan is less than three years from the time of filing (application): None.
3. Status of Execution:
 - (1) The Company issued the first convertible bonds on October 6, 2004. The funds were used to implement the project plan for the construction of computer mainframe leasing and system integration services, which was completed in the second quarter of 2006.
 - (2) The Company handled the capital increase in cash on January 14, 2014, which was used to repay the bank loan and was completed in the first quarter of 2014.

Chapter 5. Operating Overview

I. Business Activities

(I) Business Scope:

1. The businesses of the Company are as follows:
 - F113050 Wholesale of computer and office machines and equipment
 - F118010 Information software wholesale business.
 - F213030 Retail of computers and office machines and equipment.
 - F218010 Information software retail.
 - E605010 Computer equipment installation business.
 - I301010 Information software service business.
 - I301020 Data processing service business.
 - I103060 Management consulting business.
 - JE01010 Leasing business.
 - ZZ99999 In addition to the permitted businesses, it may engage in businesses that are not prohibited or restricted by law.

2. Business proportion in recent three years:

Unit: In Thousands of New Taiwan Dollars

Year Product type	2021		2022		2023	
	Sales value	%	Sales value	%	Sales value	%
Sales revenue	1,289,883	56.79	1,339,496	53.95	1,423,871	51.47
Service revenue	981,336	43.21	1,143,382	46.05	1,342,503	48.53
Total	2,271,219	100.00	2,482,878	100.00	2,766,374	100.00

3. The Company's current commodity (service) items
 - (1) Cross-platform system integration
 - (2) Application software for securities business
 - (3) Application software for banking and finance business
 - (4) Application system software for large chain retail business
 - (5) Application system software for warehousing business
 - (6) System software for maritime business
 - (7) Application system software for service business
 - (8) Customized requirements and overall services such as rapid hosting services, information outsourcing, remote backup and the latest concept of computer room construction planning
 - (9) Host real-time monitoring system
4. New products (services) to be developed:
 - (1) Business Intelligence Solutions (BI)
 - (2) Customer Relationship Management System Solution (CRM)
 - (3) E-business solutions
 - (4) SAN System Consolidation Solution
 - (5) Off-site backup construction and management services for enterprises
 - (6) Wealth Management System Version 2.0 (HTML5 + RWD)

(II) Industry overview

1. Current status of various industries and their development

The information service business in Taiwan is mainly divided into two categories: information software and information service. Information software is oriented to software products, mainly including commercial software and embedded software; information service is oriented to professional services, mainly including system integration and outsourcing services. As information security covers both software services and hardware solutions, it is classified as an independent category. The definitions are as follows:

Types of software and services	Definition
System integration	The customized information services with special features provided by our information service business according to the needs of users, including solutions such as hardware integration, new system development, and software package customization and adjustment.
Outsourcing services	By signing a contract, the enterprise entrusts the vendor to assist the enterprise in software and hardware information management, maintenance, network management, application management/development/testing or enterprise process maintenance and other services within a certain period of time (1 year in the short term, 3-10 years in the long term).
Commercial software	It mainly covers enterprise information planning, customer relationship management, supply chain management, business intelligence, business process management and enterprise e-learning, which are commonly used in various industries.
Embedded software	Used in embedded system equipment to control the software in the equipment and control the function of the system. An embedded system is a device or equipment that integrates hardware and software, including a microprocessor.
Information security	Information products or services to prevent enterprise information assets from various security threats and to ensure the confidentiality, integrity and availability of information assets.

While the growth of the hardware industry has gradually reached a bottleneck due to the impact of variables such as economic prosperity, market consumption capacity, and the lack of breakthrough applications, the information service industry has continued to expand its market scale thanks to the continuous innovation of service content, technology, and patterns, and has also become one of the key factors promoting the sustained growth of the information industry. The information service business is driving a wave of information change that is closely related to enterprise competition around the

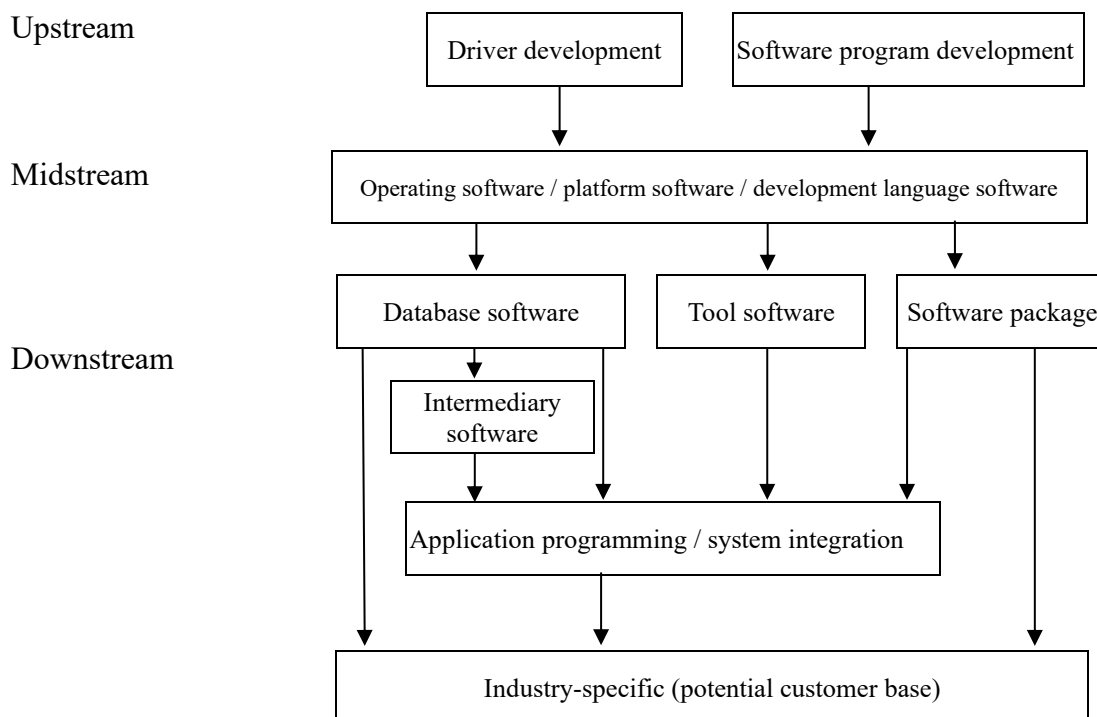
world.

Information services, mainly in providing customers with professional experiences from a single product to the overall solution. Based on the analysis of the industrial relevance, the driver program designer develops the operating software or platform software with functions such as control processing or basic interface. After the operating software work is completed, the system designer then bases on the existing operating system (such as DOS, Window NT, Unix) to directly, or by using intermediary software, apply the database software, tool software (such as COBAL FORTRAN, BASIC, and C Language), and packaged software (such as MS office) to program design and system integration to meet the needs of information operation of specific industrial customer groups. The database software (such as Oracle, Sybase) and the application program design are effectively linked and applied to provide professional integration services for software designed for specific industries, so as to solve all the requirements in the process of computerization of specific industries at one time, so that specific industries do not have to face various professional and technical problems such as hardware configuration, software development, peripheral equipment, and network connection alone.

In order to promote the development of the domestic information service industry and promote the country to become a major supplier of information services in specific areas in the Asia-Pacific region, the “Information Service Business” has been listed by the government as one of the key development industries in the next stage since 2002, and relevant policies have been formulated to promote industry promotion. In 2009, the Executive Yuan passed the “Service Business Development Plan” to include the information service business as a key development industry under the technology service businesses in the development of emerging service industries. The DIGI + program has been promoted since 2017 to create a high-quality digital economy, digital government, network society, smart urban and rural and other digital national innovation ecological environments, and then to promote the development of key national industries such as the Internet of Things, smart machinery, green energy, medical care and so on.

According to a survey by the Statistics Department of the Ministry of Economic Affairs, the revenue of the information service business in Taiwan continued to grow. In 2023, the turnover of the domestic information service business was NT\$ 56.7 billion, an increase of 9% over 2022. Among them, the computer system design service business and the data processing and information supply service business both showed an increasing trend.

2. The correlation between the upstream, midstream and downstream of the information service business is as follows (Source: Software Association):



3. Product development trends and competition

- (1) Various development trends of products

- A. System integration: The information service business provides customized information services with project-specific features according to the needs of users. Its service scope includes front-end planning, design, implementation, overall project management, consulting services, and integrated information system services. It includes solutions for hardware integration, new system development, and software package customization and adjustment.
- B. Outsourcing services: the enterprise entrusts the vendor to assist the enterprise in software and hardware information management, maintenance and other services within a certain period of time (1 year in the short term and 3-10 years in the long term) by signing a contract. Software service outsourcing market segments in emerging areas such as cloud computing, e-commerce, mobile Internet, Internet of Things, big data and business analysis will continue to emerge.
- C. Information security: information products or services that prevent enterprise information assets from various security threats and ensure the confidentiality, integrity and availability of information assets.
- D. FinTech: in response to the development of financial technology and the impact of Bank3.0, banking service channels and service modes are facing tremendous pressure. Branch transformation, technological innovation and business diversion have become common issues faced by most banks. As a result, Smart Branch emerged as the times require, which is the integration of traditional

banking channels and Internet banking (O2O OnLine-To-Offline), which combines technology and innovative thinking to examine the needs of the financial industry, and uses innovative technology to create new services, new modes of operation and business models to improve the efficiency of banking services, reduce service costs, and achieve effective customer management and efficient marketing performance.

(2) Competitive situation

Information technology is changing with each passing day, products are constantly updated, the network environment is becoming increasingly complex, and the application is becoming more and more mature. The scope of business covered by the information service business is becoming wider and wider. The domestic information service business belongs to a completely open competitive market, and many new competitors have emerged and attacked the market with a low-price strategy. In addition, there are many competitors from domestic and foreign vendors. However, due to the different competitive advantages and niche conditions of the industry, even if they are engaged in the same business, the market segments they specialize in are also significantly different. The company has been working on securities, funds, trusts and other financial business application systems for a long time, and has firmly occupied the leading position in the financial business market.

(III) Technology and R&D overview

1. The proportion of R & D expenditures to net operating revenues for the most recent two years is as follows:

Unit: In Thousands of New Taiwan Dollars

Item \ Year	2022	2023	2024 Q1
R & D expenses of R & D department	171,100	185,530	52,561
Revenue from software services	946,455	1,075,073	263,707
Net operating revenue	2,482,878	2,766,374	704,601
R & D department R & D expenses as a percentage of net software services revenue	18.08%	17.26%	19.93%
R & D department R & D expenses as a percentage of net operating revenue	6.89%	6.71%	7.46%

2. Technologies or products successfully developed in the past five years:

Year	Research and development results
2019	Introducing the DevOps Software Integration Development Practice The upcoming Development + Operations, that is, development and maintenance. The collaborative operation of “development”, “testing” and “maintenance” integrates people, program and technology by using shared practices and tools, hoping to shorten the development time, launch the system faster and maintain the quality of the system.
2020	Introducing the OpenAPIs design architecture The new generation of foreign ETF stock system takes RESTful API as the core design basis, and follows the OpenAPI design concept to meet the needs of the current network environment and multiple channels, and uses [Open] to make the system interface faster and more convenient.
2021	APIM Mediation Platform It provides a concatenation platform for Internet banking, mobile banking, APP and other application systems to simplify the data exchange between different systems across domains and platforms, and to respond to business needs quickly and timely.
2022	ARK Platform 2.0 In the era of rapid changes in information systems, in order to simplify the development, execution, debugging, deployment and other operations of the system and plan the technical architecture of Micro services and API, the ARK Platform is adjusted to use SpringBoot as the core framework. It can not only quickly integrate the third-party framework and simplify the system configuration, but also meet the system front-end and back-end separation architecture, reduce the system load of the back-end Server, and improve the user experience (UI/UX) of the front-end human-computer interface.
2023	Major version upgrade for Struts 6 The Agricultrual Finance and Real Estate System is anticipated to implement and validate the Struts 6 (including Struts 2.5.33) upgrade solution in response to the major version upgrade of Struts used by the ARK Platform (SSH2) to Struts 6. This is done to support the ensuing upgrade requirements of the WISE-Bond and Stock System and the AM-Asset Custody System.

3. Future Research and Development Program

(1) Integration of network environment

At present, the network environment is becoming more and more complex and the application is becoming more and more mature. However, most equipment manufacturers fail to integrate effectively, so they rely on system integration vendors to provide overall services. In view of this, the Company lists the integration business of the network environment as the focus of future research and development, such as Microsoft NT Server and IBM mainframe integration applications, Server Consolidation, heterogeneous database integration, network

performance evaluation and management, mainframe and WAN integration applications, Data Warehouse applications, Data Mining import method, High availability system software, network information security debugging and management, and host monitoring and management services. Our R & D personnel are responsible for the research and introduction of these products.

(2) Integration and Application of APP Mobile Commerce and BigData

Looking at the progress of Bank 3.0, the integration of virtual and real channels within the bank, the cooperation of cross-industry competition and cooperation, new concepts of information application, and innovative business models are constantly subverting our past rules of the game and experience. Only change and innovation can ensure our survival and success in the competition of the new generation. In view of this, the Company utilizes the existing data and big data database (Hadoop) and business model (CRM) accumulated over the years to analyze and activate the most suitable customer base, so as to assist the banking business to complete precision marketing and increase profits. Further integration of Social Business Model to find potential customers and new business opportunities is the focus of current research and development. This part is planned to be integrated into the completed wealth management system, which will provide customers with a complete set of functions and services (Total Solution) to help customers find new profit models and business opportunities in this new change of disruptive innovation.

(3) FinTech New Wave of Financial Digital Technology

A bank is no longer a place, but an act or a service. FinTech subverts the existing concept of financial services and forms alliances between different industries to divide up the financial pie. In the digital competition, Dimerco integrates the services of financial management robots based on the wealth management system on the territory of FinTech, and opens up new business opportunities for digital financial management. It is to extend the bank's financial services to customers to meet their financial needs, so as to reduce service costs and increase profits, and move towards a new demand for 7 * 24 hours of financial management.

(4) DevOps New Thinking for Collaboration, Communication, and Automated Builds

In the rapidly developing FinTech and the ubiquitous concept of financial services, in addition to the trust field that Dimerco specializes in, DevOps and Agile methodologies can also be used in new technological experiences such as AI, Block Chain, Cloud, Big Data or biometrics, to solve the requirements/team communication gap (WallofConfusion), so as to improve the development speed and software quality, and quickly launch or revise the digital service/application system that meets the market demand.

(5) Source code detection and information security protection

It is to analyze program vulnerabilities in a static way to ensure that all program execution paths can be effectively analyzed, and clearly point out the location of the vulnerability and the operation path of the vulnerability, so as to find out the most effective correction method. Before the system goes online, it can be detected by

tools to meet the customer's information security requirements (no Critical and High level vulnerabilities) and program quality. The analysis and detection tools are as follows:

- Checkmarx
- Fortify

(6) Automated testing and regression testing

Load testing tools to analyze and measure the performance of various services can be widely used in Web applications and system load verification before launch of RESTful API. The analysis and detection tools are as follows:

- Microsoft Visual Studio
- jMeter

(7) An Automated Testing Framework: Selenium

A online application testing tool that works with a variety of browsers, such as Internet Explorer(IE), Edge, Chrome, Safari, Firefox, Opera, etc. Through recording, replay, and automated testing, it may mimic user behaviors in the browser, saving testers time while manually verifying content and enhancing consistency and accuracy.

(8) Tool for Detecting and Managing Third-Party Packages: MEND and Nexus OSS

System security testing places a lot of emphasis on the security, quality, and licensing of the third-party (Open Source) packages used in the application system in addition to source code security testing. To consistently create high-caliber and extremely secure application systems, you can manage the use of securely licensed and lawfully licensed components in the system using the Nexus OSS management tool. The platform tool may show the usage status of the components.

4. The Company expects to invest approximately NT\$ 195 million in research and development in 2024.

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

1. Development direction of short-term plan

The Company develops application software for the securities firms, the transportation business, the financial business, and the circulation business based on the needs of a single industry, and provides complete services based on the various needs of individual customers for computerization. The marketing policy is to design or modify the system according to the needs of different customers on the basis of the developed application software for different industries, so as to make it suitable for a single customer. At the same time, the Company provides various computer hardware and peripheral equipment required in the process of computerization, and provides customer problem consultation and software and hardware equipment maintenance services after the completion of system establishment. Therefore, the Company has always been maintaining a good relationship with customers for long-term cooperation, and takes the provision of high-quality and complete services as an important sales strategy. In addition, in response to the trend of massive outsourcing of enterprise outsourced processing operations, the Company started to establish an IDC equipment environment in 2002 and continued to

develop an IDC resource sharing center to provide cloud system and backup exercise services, cross-segment integration, construction of a perfect system platform and hosting services.

2. Long term plan development direction

Looking forward to the future, we have clearly outlined the growth blueprint of “Innovation Development”. In order to realize our dream, Dimerco has taken practical actions to fully integrate internal and external resources, set up a special group, devote themselves to innovation, development and research, train employees to absorb new knowledge, constantly provide customers with the latest information, and actively assist enterprises to base themselves on Taiwan and successfully enter the international market. In addition, the management team of the Company will implement the Company’s strategy in a conscientious and pragmatic manner to pursue profits and growth for the Company, so as to obtain higher profits to reward all shareholders.

II. Overview of Market and Production and Marketing

(I) Market analysis

1. Sales and supply areas of main products and services:

The nature of the company’s business is the system integration and professional services of the information service business. As this part of software research and development involves cultural differences, the main market is still mainly domestic. At present, the company’s customer base covers securities, finance, manufacturing, transportation, services, circulation, trading and other industries.

2. Market share and future supply and demand and growth of the market

(1) Market share

- A. The direction of banking business has gradually shifted from traditional deposits and loans to asset management, trust and custodian banking business, so there is still great room for the development of trust business in Taiwan. In terms of banking trust business in response to new businesses such as personal trust wealth management, real estate securitization, land trust and investment banking, the demand for computerization is increasing, which will create more business opportunities. At present, the solutions of the Bank Trust Department of the Company have been adopted by more than 30 domestic and foreign banks, with a market share of about 80%.
- B. As the Ministry of Finance has gradually opened up new businesses such as wealth management on behalf of customers and domestic and foreign financial products (such as foreign stocks), and the securities business is facing fierce competitive pressure and securities firms are developing towards the provision of financial department-store-style services, it is expected that the securities business will continue to flourish. Currently, the Company’s customers in the securities business are mainly comprehensive securities firms, and more than ten comprehensive securities firms have adopted the front and back office system for the securities business developed by the Company, with a market

share of approximately 30%.

(2) Future Supply and Demand and Growth of the Market

- A. With the change of consumers' buying habits, the domestic retail stores have gradually expanded from the past consumer goods stores to the large-scale hypermarkets of professional goods, which has led the major domestic circulation industries to follow the example of foreign stores and introduce many foreign technologies. Therefore, with the increase in the number of domestic large-scale retail stores and the sustained development of chain convenience stores, the prospect of computerization of the circulation business will be foreseeable.
- B. With the rapid development of enterprise computerization, the amount of enterprise data is increasing and distributed in various types of hosts within the enterprise. For this reason, effective and fast data acquisition and data planning are extremely important for large enterprises. Therefore, there is a demand for related tools and application solutions such as business intelligence data warehousing. Having an effective data warehouse and converting it into useful information for decision makers to analyze and apply is an important part of the informatization of large enterprises, which will also bring unlimited business opportunities.
- C. With the increasing popularity of enterprise outsourcing and the establishment of disaster recovery consciousness, the IDC outsourcing service market continues to expand. Its business nature includes hosting services, information disaster recovery services, network management and services, and information security construction services. The construction of these services is expected to bring considerable benefits.

3. Advantages and disadvantages of competitive niches and development prospects

(1) Competitive niche

In response to the trend of cloud development, our company, based on the original foundation of related industries, actively cooperates with the needs of customers on WEB, and makes every effort to develop systems in the field of Java, which has achieved results. The business opportunities for customers to switch to the Java platform in the future are considerable.

(2) Favorable factors

- A. It is vigorously promoted by the government and relevant units
The information industry is the strategic industry of our country as the development trend of the world information industry will gradually evolve from hardware products to software products and services. As the government's "National Information and Communication Infrastructure (NII)" continues and the promotion of "e-government" will stimulate the overall market demand of Taiwan's information software industry, the implementation of government policies will expand the market scale of the information software industry.
- B. The advent of the age of electronic commerce

With the booming development of the Internet, the demand for enterprises to develop e-commerce is more ardent. Whether it is B to B or B to C, there are a lot of business needs. Our company is a big vendor of system integration, and has many years of experience in enterprise software, so it can become the best choice for customers and bring unlimited business opportunities.

- C. It has high-quality professional and technical personnel and experienced management team.

The company was founded in 1981 and has a history of more than 40 years. Senior operators have experienced the initial period of the company and the changes of the information software industry, and have quite rich management concepts and industrial experience. Up to now, the Company has more than 400 employees, 98% of whom are college graduates or above, the average length of service is more than 9 years, and more than 90% of whom are responsible for providing professional technical services and engaging in research and development of new products, all of which show that the Company has strong human resources.

- D. It has many well-known and long-term cooperative customers.

The Company's customer structure can cover four major industries:

- i. Transportation: the main customers include Evergreen, Nippon Yusen and other large shipping companies.
- ii. Custodial banking and fund business in the financial business: the main customers include large domestic commercial banks, such as Bank of Taiwan, Chang Hwa Bank, etc., more than 30.
- iii. Securities business: the main customers include large domestic comprehensive securities firms, such as KGI Securities, Masterlink Securities, etc., more than 30.
- iv. Circulation business: the main customers include large domestic well-known manufacturers, such as Convenient Stores, Kerry TJ Logistics, etc.

The customers of the Company are mostly well-known enterprises at home and abroad and are located in different industries, which can avoid the impact of fluctuations in the prosperity of a single industry on its operating performance. Moreover, the Company provides customers with system integration and professional services, and maintains a long-term cooperative relationship with them. Besides the stable maintenance income from old customers after completion of system development, when they have needs to expand or upgrade software and hardware equipment in the future, it can also bring additional income to the Company. In addition to maintaining the relationship with old customers, the Company is also committed to developing new products to meet the needs of new customers and expand the company's business scope.

- E. The Company fully passed the international quality certification of "ISO 27001 Information Security Management" (2013 edition) in 2020, and ensured the

quality level of products and services through complete and strict operation procedures.

- F. The strong R & D line-ups are committed to the future development of products and technology rooting and the company's sustainable operation. The R & D department specializes in the research and development of the core technology of the application system, the collection of market information and the introduction of new products, and then transfers the R & D information and results to the relevant software department for subsequent detailed development and design, which, based on the software department's understanding of the industry, can be further introduced into the customer's application system, so as to truly grasp the market information and leverage the R & D results.

(3) Adverse factors

- A. New competitors emerging and attacking the market with low price strategy.
B. Problems encountered in the process of internationalization.

(4) Countermeasures

- A. Actively develop new programming systems to improve the quality of software development. Pursue the practical and rational software development and project management system to provide better application solutions for Dimerco's customers.
B. Continuously strengthen the technical cooperation with foreign professional companies or personnel, and successively introduce the testing and development of R & D products.

(II) Important use and production process of main products:

1. The business items of the Company include application software design, agency of domestic and foreign software, distribution of domestic and foreign computer equipment and system integration, maintenance and education and training of the aforementioned items, among which the hardware equipment related to application software design and maintenance and system integration accounts for the highest proportion of the Company's business. The items are as follows:

Main products or service items	Important uses and functions
Application software design and sales — Securities industry system software	Offering front-, middle-, and back-office systems for securities, futures, options, composite orders, wealth management, stock lending, and other securities business services; in response to real-time trading, there is also a strade risk management host connection in addition to the current core accounting system. In addition, Dimerco Data System Corp. offers a new generation of digital online counters to securities clients, providing end users with a one-stop platform, in response to the trends of product diversification, digitalization, and automation. Provide custodian bank management, bond and bill

Main products or service items	Important uses and functions
	<p>business management, overseas fund management (including NT dollar trust and foreign currency trust), domestic fund management and trust business management for the banking and financial business.</p> <p>Provide functions such as import bill of lading operation, space booking, container tracking management, business analysis, financial accounting integration and customs clearance (EDIFACT) for the maritime business.</p>
<p>Application software design and sales</p> <p>— Banking and financial industry system software</p>	<p>Offering end-to-end trust management services to the banking and financial sectors, which includes order placement on the front end, accounting and reporting on the back end, platforms for wealth management, customer relationship management (CRM), management of custodian banks, trust business management, personal and corporate trusts, collective management systems, trusts for real estate, nursing homes, employee benefit and shareholding trusts, family trusts, and investment and wealth management services for particular cash and domestic securities.</p> <p>To further achieve the goal of dividing transactions and accounts into a small core and large periphery, we also provide a trust middle office. This middle office consolidates all trust product data and separates the existing transaction, reporting, statement, and inquiry capabilities from the core accounting system.</p>
<p>Application software design and sales</p> <p>— Insurance industry system software</p>	<p>Offering insurance professionals with a fund investment system, performance calculation system, and investment-linked insurance policy order system.</p>
<p>Application software design and sales</p> <p>— Logistics industry system software</p>	<p>Offering inventory management functions for the logistics industry</p>
<p>Application software design and sales</p> <p>— Proprietary integrated accounting platform software</p>	<p>Financial products include stocks, funds, ETFs, warrants, bonds, and other securities. Financial and general corporate financial investment and accounting management systems are also provided.</p>
<p>Application software design and sales</p> <p>— Enterprise Messaging Notification Integration Platform</p>	<p>Offering a platform for the integration of financial and corporate information notifications, combining all external notification services—such as SMS, push notifications, LINE, email, and fax—through a single interface.</p>
<p>Hardware sales</p> <p>— IBM Power platform (IBM i/AIX), Linux, Windows, server and network/security products, etc.</p>	<p>Assist with the hardware platform configuration and deployment needed for the client’s system integration procedure.</p>

Main products or service items	Important uses and functions
<p>Suite software sales</p> <p>— Workload platforms, virtualization, heterogeneous platforms, information security, monitoring, database software, backup software, etc.</p>	<p>Assist with the software platform configuration and deployment needed for the client's system integration procedure.</p>
<p>Services</p> <p>— System installation and integration, system maintenance, Hardware maintenance and application software maintenance also the platform construction services</p>	<p>Providing integrated, construction, and customized services tailored to customer needs for the informatization process.</p>

2. Introduction to production process: None (the Company is a non-manufacturing corporate).

(III) Supply status of main raw materials: omitted (the Company is a non-manufacturing corporate).

(IV) The list of customers accounting for more than 10% of the total amount of purchases and sales in the most recent two years;

1. The list of vendors accounting for more than 10% of the total amount of purchases in any one of the most recent two years, together with the amount and percentage of purchases:

Unit: In Thousands of New Taiwan Dollars

2022					2023				Year ended previous quarter in 2024			
Item	Name of Vendor	Amount	Proportion to annual net purchases (%)	Relationships with the issuer	Name of Vendor	Amount	Proportion to annual net purchases (%)	Relationships with the issuer	Name of Vendor	Amount	Proportion to annual net purchases (%)	Relationships with the issuer
1	Bestcom	597,863	53.80%	None	Bestcom	665,607	52.34%	None	Bestcom	259,764	54.84%	None
2	MetaAge	146,846	13.21%	None	MetaAge	247,516	19.46%	None	MetaAge	78,844	16.64%	None
	Others	366,653	32.99%		Others	358,683	28.20%		Others	135,105	28.52%	
	Net purchases	1,111,362	100.00%		Net purchases	1,271,806	100.00%		Net purchases	473,713	100.00%	

2. The list of customers accounting for 10% or more of total sales in any one of the most recent two years, and the amount and percentage of sales:

No customer accounted for more than 10% of the total sales in 2022 and 2023.

Unit: In Thousands of New Taiwan Dollars

2022					2023				Year ended previous quarter in 2024			
Item	Customer name	Amount	Proportion to annual net sales (%)	Relationships with the issuer	Customer name	Amount	Proportion to annual net sales (%)	Relationships with the issuer	Customer name	Amount	Proportion to annual net sales (%)	Relationships with the issuer
1	Taiwan Business Bank	164,908	7%	None	Bank of Taiwan	145,341	5%	None	E Sun Bank	92,498	13%	None
2	Accudata	152,117	6%	None	TransGlobe	132,368	5%	None	KEARSLEY	69,614	10%	None
	Others	2,165,853	87%		Others	2,488,665	90%		Others	542,489	77%	
	Net sales	2,482,878	100%		Net sales	2,766,374	100%		Net sales	704,601	100%	

(V) The production volume and value in the most recent two years;

Unit: In Thousands of New Taiwan Dollars

Production year	2022			2023		
Production volume and value Major commodities	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Total	-	-	1,111,362	-	-	1,271,806

Note: The Company is an information service business, not a general traditional manufacturing business, so it is impossible to calculate the production capacity and output.

(VI) The sales volume and value in the most recent two years:

Unit: In Thousands of New Taiwan Dollars

Sales volume and value Major commodities (or department)	Year		2022				2023			
			Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Sales revenue	-	1,339,496	-	-	-	1,423,871	-	-	-	-
Service revenue	-	1,142,963	-	-	-	1,342,503	-	-	-	-
Lease revenue		419				-				
Total	-	2,482,878	-	-	-	2,766,374	-	-	-	-

Note: the company is an information service business, not a general traditional manufacturing business, so there is no way to calculate the sales volume.

III. The number of employees, average length of service, average age and educational background distribution in the most recent two years and as of the date of publication of the annual report

Year		2022	2023	2024.03.31
Employees Number	Direct personnel	253	273	278
	Indirect personnel	122	119	119
	Management personnel	20	18	22
	Total	395	410	419
Average age		37.15	37.82	37.82
Average length of service		8.94	9.21	9.19
Educational background distribution	PhD	0	0	0
	Master's degree	34	40	42
	Bachelor's degree	357	364	369
	Senior high school	4	6	8
	Below senior high school	0	0	0

IV. Expenditure on Environmental Protection

1. If it is required to apply for a permit for the installation of pollution facilities or a permit for the discharge of pollution, or to pay a pollution prevention fee, or to set up personnel of a special environmental protection unit in accordance with the provisions of the law, the application, payment, or establishment thereof are as follows:
The Company and Subsidiaries are engaged in the development of various computer software and hardware and other services. According to the relevant laws and regulations, they are not required to apply for the establishment permit or the pollution discharge permit, or to pay the pollution prevention fees, or to set up the personnel of the special environmental protection unit.
2. Investment in major equipment for the prevention and control of environmental pollution and its use and possible benefits: n/a.
3. Environmental pollution improvement in the most recent two years and as of the date of publication of the Prospectus: n/a.
4. Total amount of losses (including compensation) and penalties incurred by the Company as a result of environmental pollution, and future countermeasures and possible expenditures in the most recent two years and as of the date of publication of the Prospectus: n/a.

5. The impact of the current pollution situation and its improvement on the Company's earnings, competitive position and capital expenditure, as well as the estimated major environmental capital expenditure for the next two years: n/a.

V. Labor Relations

- (I) The Company's various employee welfare measures, continuing education, training, and retirement systems and their implementation, as well as the agreement between labor and management and the protection of various employee rights and interests.
 1. Employee welfare measures: the company's management regulations and work rules are based on the Labor Standards Law for all employees to abide by, and caring about the life and welfare of employees, reasonable salaries are set. In terms of employee welfare, the Company, in compliance with the labor laws and regulations, has taken out various labor insurance policies and allocated monthly pensions in accordance with the law, and has established an employee welfare committee in accordance with the law, in addition to the following welfare measures:
 - (1) Insurance: in addition to Labor Insurance and National Health Insurance, business travel insurance from Chubb and group insurance from AIA are also taken out.
 - (2) Catering: the Company issues vouchers.
 - (3) Organize recreational activities and year-end party for employees and their dependents regularly every year.
 - (4) Employee Care Subsidy: take care of the daily life of employees, and provide care for hospitalization, birthday gifts, wedding congratulations, funeral greetings and other human care.
 - (5) Company uniform: create a good corporate image and show the overall team spirit.
 - (6) Set up a library and post workplace life stories and high-quality literature sharing in the office.
 - (7) Health checks are held regularly every year.
 - (8) Breastfeeding room for female employees.
 - (9) License subsidy.
 - (10) Issue New Restricted Employee Shares and employee stock ownership trust.
 2. Refresher training program and implementation: the Company provides diversified training and comprehensive on-the-job training. It includes new person training, on-the-job learning and development courses, professional training, group training, and various training courses related to job assignments abroad and domestic institutions. Through the teaching and training of professionals and the communication and interaction among employees, we can not only improve the professional quality and ability of employees, but also stimulate the potential ability of employees and cultivate talents.
 3. Retirement system: the Company complies with the provisions of the Act, and the applicable provisions are as follows:
 - (1) According to the Labor Standards Law, the "Employee Retirement Method" was enacted, and the old retirement system was allocated 2.5% of the total monthly

salary to the retirement reserve account of the Bank of Taiwan. The new system is fully applicable to employees who start work after July 1, 2005 in which 6% of the employee's monthly salary is deposited into the individual labor pension account set up by the Bureau of Labor Insurance. If the employee voluntarily contributes to the pension, the voluntary contribution rate is deducted from the employee's monthly salary to the individual labor pension account set up by the Bureau of Labor Insurance.

- (2) An employee may apply for retirement under any of the following circumstances.
 - A. A person who has worked for more than 15 years and has reached the age of 55.
 - B. Have worked for more than 25 years.
 - C. Have worked for more than 10 years and reached the age of 60.
- (3) Calculation of retirement pension: when the applicable employee retires voluntarily or is ordered to retire in accordance with the law, he/she shall be given two base amounts for each full year of service, but after 15 years of service (30 base amounts), he/she shall be given one base amount for each full year, up to a maximum of 45 base amounts. The part of the last half year of the working seniority that is less than half a year shall be counted as half a year, and the part that is more than half a year shall be counted as one year.
4. Agreement between employers and employees: the relationship between employers and employees of the Company is harmonious, and there is no occurrence of any labor dispute or any loss caused by the labor dispute.
5. Measures for safeguarding the rights and interests of employees: in addition to the retirement measures for determining the allocation, which are applicable to the employees of the Company, in accordance with the "Employees' Pension Ordinance", the Company shall safeguard the rights of employees and implement the system in accordance with relevant laws and regulations.
6. The conditions under which the personnel related to the transparency of financial information obtain the relevant certificates and licenses specified by the competent authority: In order to enhance the professional quality of the accounting manager, further strengthen the quality of financial reporting information, and protect the rights and interests of investors, the accounting manager of the Company shall have a professional degree in accounting and at least five years of experience in charge of accounting or as an accounting manager of a public company. During the term of his/her employment, he/she should have continuously participated in professional training in accounting, auditing, or financial laws and regulations, and his/her qualifications are in compliance with the regulations of the competent authority, and there is no inconsistency.

The personnel of the Company have obtained relevant certificates as shown in the following table:

Name of license	Issuing authority	Number of pages
Securities firm	Securities and Futures	1

clerk	Commission of the Ministry of Finance	
Futures firm clerk	Securities and Futures Commission of the Ministry of Finance	1

7. Refresher studies and training related to managers' participation in corporate governance:

Title	Name	Training date	Organizer	Course title	Training hours
Chief Financial Officer	Shu Ju Wu	2023.10.26~2023.10.27	Accounting Research and Development Foundation, ROC	Continuing Education Course for Accounting Manager	12

8. Code of conduct or ethics for employees:

In order to enable the employees of the Company to handle the Company's affairs in good faith and in accordance with the ethical and self-discipline attitude, the "Work Rules", "Code of Conduct for Employees" and "Code of Honest Operation" are hereby formulated as the specific and feasible guidelines for employees to follow the ethical standards when performing their duties. The supervisors at all levels of the Company shall take the lead in setting an example and promoting the implementation of relevant provisions. The key points of the norms are as follows:

- (1) Encourage employees to report any behavior that is illegal or violates the "Code of Honest and Ethical Conduct".
- (2) The employees is willing to do his/her duty of confidentiality for the company's business secrets.
- (3) The Employee shall promise that all creations made by him/her during his/her employment shall be created by himself/herself, and that he/she shall not copy or imitate or infringe upon the copyright, patent right, trade secret and intellectual property right of others in any way.

9. Protective measures for working environment and personal safety of employees:

- (1) Take out labor insurance, health insurance, business travel insurance and group insurance for employees.
- (2) According to the "Labor Health Protection Rules", all employees are arranged to have a general health inspection every year to ensure their health. It also employs professional medical staff to provide regular health consultation for employees.
- (3) In order to protect the personal dignity and personal freedom of employees, dispatched workers, and job applicants, and to prevent the occurrence of sexual harassment, the "Measures for Complaints and Punishments for Prevention and Control of Sexual Harassment in the Workplace" are hereby formulated in accordance with Paragraph 1, Article 13 of the "Gender Equality at Work Act" and the "Guidelines for the Establishment of Complaints and Disciplinary Measures for Sexual Harassment Prevention Measures in the Workplace" promulgated by the Ministry of Labor.

- (4) From time to time, the Company uses its website or e-mail to announce industrial safety cases and propaganda.
- (II) Losses incurred by the company as a result of labor disputes in the most recent year and as of the date of publication of the annual report and disclosure of estimated amounts that may occur at present and in the future and countermeasures.
- The company has a sound system, with high quality of employees, humanized management, and respect for individuals, so the labor relations are harmonious, and no loss has been suffered due to labor disputes, and no such loss is expected in the future.
- (III) The Company plans refresher courses for employees every year, and the actual implementation in the past 2022 is as follows:

S/N	Name of training course	Number of trainees	Training object
1	Employee Anti-Corruption Course	362	The whole company
2	Product Sales Training Course	44	Sales and Professional Services Departments
3	PSD Instructional Course	34	Professional Services Department
4	Introduction to Software Development Practice	26	Software Department
5	Requirements for Software Development Practice	26	Software Department
6	Design of Software Development Practice	26	Software Department
7	ISO-27001	382	Software Department

VI. Cyber Security Management

- (I) Information Security Risk Management Framework, Information Security Policies, Specific Management Plans, and Resources Allocated to Information Security Management:
- To mitigate the risk of losses to the company and its customers arising from information system disruptions, data breaches, or unauthorized disclosure of sensitive information, the company has implemented an information security management system (“ISMS”) and established information security policies. An Information Security Management Committee has been constituted to ensure the effective governance and operation of the ISMS. The company’s information security policy mandates “Information Security as a Shared Responsibility, Regulatory Compliance, and Effective Implementation”.
 - In 2020, the company obtained ISO 27001 certification for its ISMS. As part of its control measures, the company conducts periodic security assessments, internal audits, incident reporting and investigation procedures, electronic monitoring, and regular technical inspections, with results duly reported. Furthermore, the ISMS undergoes an annual management review, at minimum, to assess the continuing suitability of its scope and identify opportunities for improvement in ISMS processes. Specific requirements for management review are considered, incorporating findings from monitoring and review

activities, and security plans are updated accordingly.

3. Information Security Management Matters and Resources Invested:

- (1) An Information Security Management Committee with a task-based organizational structure has been established to ensure the effective governance and operation of the ISMS..
- (2) The company has obtained ISO 27001 certification for its ISMS.
- (3) Customer satisfaction: no major information security incidents or complaints regarding customer data loss have been reported.
- (4) Education and training: Regular training programs are conducted to equip employees with the necessary security skills to perform their duties and reinforce their understanding of the company's information security policies and ISMS, thereby enhancing the organization's information security performance.

(II) In the recent year and as of the date of publication of the annual report, the Company has not had any material information and communication security incidents.

VII. Material Contracts

Type of contract	Party involved	The date of commencement and termination of the contract	Content	Restrictive covenants
Distribution Contract	IBM	2023.01.01-2024.12.31	Distribution of IBMAS/400, RS6000 and Network Products	---
Sale and Purchase Agreement	Fubon Life Insurance Co., Ltd.	2023.09.27	Project: AS400 Host Replacement Upgrade	---
System development contract	CTBC Bank Co., Ltd	2023.12.06	CTBC Bank Co., Ltd. Custodian Bank Business System	---

Chapter 6. Financial Highlights

I. Condensed balance sheet and income statement for the most recent five years

(I) Balance sheet information

Condensed Balance Sheet-Consolidation

Unit: In Thousands of New Taiwan Dollars

Item	Year	Financial information for the last five years					Current year up to March 31, 2024 Financial Information (Note 3)
		2019	2020	2021	2022	2023	
Current assets		1,263,165	2,956,725	2,629,051	3,910,948	3,138,786	3,149,669
Property, plant and equipment		796,189	1,215,547	1,244,247	773,948	764,973	762,883
Intangible assets		1,585	114,739	106,700	1,537	2,495	2,846
Other assets (Note 2)		694,652	768,561	683,308	544,899	544,253	553,790
Total assets		2,755,591	5,055,572	4,663,306	5,231,332	4,450,507	4,469,188
Current liabilities	Before distribution	1,350,646	3,123,987	2,429,407	2,826,784	1,966,699	2,297,210
	After distribution	1,544,799	3,311,877	2,712,923	3,198,399	2,386,269	
Non-current liabilities		51,740	205,119	166,258	43,374	52,760	51,817
Total liabilities	Before distribution	1,402,386	3,329,106	2,595,665	2,870,158	2,019,459	2,349,027
	After distribution	1,596,539	3,516,996	2,879,181	3,241,773	2,439,029	
Equity attributable to owners of the parent company		1,348,891	1,531,550	1,862,419	2,063,124	2,431,048	2,120,161
Capital stock		626,301	626,301	708,851	743,350	762,895	762,795
Capital reserve		187,674	187,674	242,231	244,425	401,597	363,554
Retained earnings	Before distribution	511,806	650,531	851,208	1,038,135	1,038,135	982,755
	After distribution	317,653	462,641	490,264	666,520	666,520	
Other equity		23,110	67,044	60,129	37,214	(8,565)	11,507
Treasury stock		0	0	0	0	0	0
Non-controlling interests		4,314	194,916	205,222	298,050	0	0
Equity total amount	Before distribution	1,353,205	1,726,466	2,067,641	2,361,174	2,431,048	2,120,161
	After distribution	1,159,052	1,538,576	1,784,125	1,989,559	2,011,478	

Note 1: The financial information for each year has been audited and attested by CPAs.

Note 2: Assets revalued in the current year: investment property.

Note 3: It has been verified and attested by CPAs.

Note 4: Where the competent authority notifies the financial information to be corrected or restated by the Company on its own initiative, the corrected or restated figures shall be listed, and the circumstances and reasons shall be noted: none.

Condensed Balance Sheet –Parent Company Only

Unit: In Thousands of New Taiwan Dollars

Unit: in Thousands of New Taiwan Dollars

Item \ Year		Financial information for the last five years					Current year up to March 31, 2024 Financial Information
		2019	2020	2021	2022	2023	
Current assets		1,253,474	1,679,168	1,778,435	2,636,751	3,138,786	
Property, plant and equipment		795,892	790,593	779,390	773,948	764,973	
Intangible assets		1,365	1,291	948	1,537	2,495	
Other assets (Note 2)		701,096	933,789	951,779	544,899	544,253	
Total assets		2,751,827	3,404,841	3,510,552	3,957,135	4,450,507	
Current liabilities	Before distribution	1,351,196	1,821,438	1,591,669	1,850,637	1,966,699	
	After distribution	1,545,349	2,009,328	1,875,185	2,222,252	2,386,269	
Non-current liabilities		51,740	51,853	56,464	43,374	52,760	
Total liabilities	Before distribution	1,402,936	1,873,291	1,648,133	1,894,011	2,019,459	
	After distribution	1,597,089	2,061,181	1,931,649	2,265,626	2,439,029	
Equity attributable to owners of the parent company		1,348,891	1,531,550	1,862,419	2,063,124	2,431,048	
Capital stock		626,301	626,301	708,851	743,350	762,895	
Capital reserve		187,674	187,674	242,231	244,425	401,597	
Retained Earnings	Before distribution	511,806	650,531	851,208	1,038,135	1,275,121	
	After distribution	317,653	398,038	490,264	666,520	855,551	
Other equity		23,110	67,044	60,129	37,214	(8,565)	
Treasury stock		0	0	0	0	0	
Equity Total amount	Before distribution	1,348,891	1,531,550	1,862,419	2,063,124	2,431,048	
	After distribution	1,154,738	1,343,660	1,578,903	1,691,509	2,011,478	

Note 1: The financial information for each year has been audited and attested by CPAs.

Note 2: Assets revalued in the current year: investment property.

Note 3: Where the competent authority notifies the financial information to be corrected or restated by the Company on its own initiative, the corrected or restated figures shall be listed, and the circumstances and reasons shall be noted: none.

(II) Condensed income statement

Condensed Comprehensive Income Statement - Consolidation

Unit: In Thousands of New Taiwan Dollars

Item \ Year	Financial information for the last five years (Note 1)					Current year up to March 31, 2024 Financial Information (Note 3)
	2019	2020	2021	2022	2023	
Operating revenue	1,798,456	2,339,720	2,271,219	2,482,878	2,766,374	704,601
Gross profit	582,988	726,480	826,436	979,099	1,099,206	273,675
Operating profit and loss	270,487	345,561	439,049	536,888	620,748	145,605
Non-operating income and expenses	35,403	72,417	22,430	43,338	55,964	11,877
Income before tax	305,890	417,978	461,479	580,226	676,712	157,482
Continuing operations Net income	249,628	337,280	368,852	462,847	541,350	125,505
Loss from discontinued operations	0	0	57,920	67,758	82,930	0
Net profit (loss) for the period	249,628	337,280	426,772	530,605	624,280	125,505
Other comprehensive income (net after tax)	19,326	50,846	56,723	(35,040)	21,281	9,608
Total comprehensive income	268,954	388,120	483,495	495,565	645,561	135,113
Net Income Attributable to: Owners of the parent company	248,121	325,901	404,769	497,064	607,883	125,505
Net income attributable to non-controlling interests	1,507	11,379	22,003	33,541	16,397	0
Total comprehensive income attributable to owners of the parent company	267,447	376,812	461,492	462,024	692,164	135,113
Total comprehensive income attributable to non-controlling interests	1,507	11,308	22,003	33,541	16,397	0
Earnings per share (NTD)	3.96	4.73	5.59	6.86	8.37	1.71

Note 1: The financial information for each year has been audited and attested by CPAs.

Note 2: Assets revalued in the current year: none.

Note 3: It has been verified and attested by CPAs.

Note 4: The competent authority notifies the financial information to be corrected or restated by the Company on its own initiative: none.

Condensed Comprehensive Income Statement- Parent Company Only

Unit: In Thousands of New Taiwan Dollars

Item \ Year	Financial information for the last five years (Note 1)					Current year up to March 31, 2024 Financial information
	2019	2020	2021	2022	2023	
Operating revenue	1,789,692	1,882,921	2,261,541	2,477,978	2,766,374	
Gross profit	568,229	649,109	813,053	970,000	1,099,206	
Operating profit and loss	266,723	303,082	437,336	540,970	620,749	
Non-operating income and expenses	37,660	86,888	24,314	40,782	55,964	
Income before tax	304,383	389,970	461,650	581,752	676,713	
Continuing operations Net income	248,121	325,901	368,702	463,499	541,351	
Loss from discontinued operations	0	0	36,067	33,565	66,532	
Net profit (loss) for the period	248,121	325,901	404,769	497,064	607,883	
Other comprehensive income (net after tax)	19,326	50,911	56,723	(35,040)	21,281	
Total comprehensive income	267,447	376,812	461,492	462,024	629,164	
Net Income Attributable to: Owners of the parent company	267,447	376,812	461,492	462,024	629,164	
Net income attributable to non-controlling interests	0	0	0	0	0	
Total comprehensive income attributable to owners of the parent company	267,447	376,812	461,492	462,024	629,164	
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0	
Earnings per share (NTD)	3.96	4.73	5.59	6.86	8.37	

Note 1: The financial information for each year has been audited and attested by CPAs.

Note 2: Assets revalued in the current year: none.

Note 3: The competent authority notifies the financial information to be corrected or restated by the Company on its own initiative: none.

(III) The list of the CPAs and their audit opinions for the most recent five years

Year	CPA firm	CPA	Audit opinion
2019	Deloitte & Touche	Chih Hsien Ke , Chin Tsung Cheng	Unqualified opinion
2020	Deloitte & Touche	Chih Hsien Ke, Chin Tsung Cheng	Unqualified opinion
2021	Deloitte & Touche	Meng Chieh Chiu, Chin Tsung Cheng	Unqualified opinion
2022	Deloitte & Touche	Meng Chieh Chiu, Chin Tsung Cheng	Unqualified opinion
2023	KPMG Taiwan	Huang Po Shu, Wu Chung Shun	Unqualified opinion

II. Financial analysis for the most recent five years

(I) International Accounting Standards-Financial Analysis (Consolidated)

Item (Note 2) \ Year (Note 1)		Financial analysis for the most recent five years					Current year up to March 31, 2024
		2019	2020	2021	2022	2023	
Capital structure analysis(%)	Debt ratio	50.89	65.85	55.66	54.86	45.38	52.56
	Long-term funds to property, plant and equipment ratio	176.46	158.91	179.54	310.69	324.69	302.07
Liquidity analysis %	Current ratio	93.52	94.65	108.22	138.35	159.60	145.50
	Quick ratio	53.44	53.30	57.48	103.55	101.07	86.81
	Times interest earned	43.91	101.67	170.97	2,378.98	11,873.14	-
Operating performance analysis	Average collection turnover (times)	13.12	6.14	4.25	9.15	24.76	25.40
	Days sales outstanding	27.82	59.45	85.88	39.89	14.74	14.37
	Average inventory turnover (times)	2.20	2.06	1.34	1.47	1.61	1.46
	Average payment turnover (times)	3.63	5.16	3.27	2.47	3.21	3.99
	Average inventory turnover days	165.91	177.18	272.39	248.30	226.71	250.00
	Property, plant and equipment turnover (times)	2.26	2.33	1.85	2.46	3.60	3.68
	Total assets turnover (times)	0.65	0.60	0.47	0.50	0.57	0.66
Profitability	Return on total assets (%)	8.97	8.72	8.83	10.73	12.90	11.26
	Return on equity (%)	19.02	21.90	22.50	23.96	26.05	22.06
	Net income before tax to paid-in capital ratio (%)	48.84	66.74	65.10	78.06	88.70	82.58
	Net profit ratio (%)	13.88	14.42	18.79	21.37	22.57	17.81
	Earnings per share (NTD)	3.96	4.73	5.59	6.86	8.37	1.71
Cash flow	Cash flow ratio (%)	39.97	11.48	23.87	23.94	26.49	0.25
	Cash flow adequacy ratio (%)	125.68	91.57	107.09	129.33	159.60	-
	Cash reinvestment ratio (%)	35.82	8.21	12.37	12.15	5.82	-
Leverage	Operating leverage	1.08	1.06	1.04	1.03	1.02	1.03
	Financial leverage	1.03	1.01	1.01	1.00	1.00	1.00
Please explain the reasons for the changes in the financial ratios in the last two years. (If the increase or decrease is less than 20%, the analysis is not required.)							
1. The increase in various ratios during the year was due to the reclassification of HPI Corp. information to “Non-Current Assets held for Sale”.							
2. The increase in interest coverage ratio and return on assets was due to the significant decrease in interest expense during the year.							
3. The increase in turnover rate of receivables (times) was due to the increase in sales during the year.							
4. The increase in earnings per share was due to the increase in profit.							
5. The increase in property, plant and equipment turnover (times) and return on assets was due to the increase in sales during the year.							
6. The increase in cash flow ratio was due to the increase in net cash flow from operating activities during the year.							
7. The increase in profitability in the quarter was due to the increase in both revenue and net profit in the quarter.							

Note 1: The financial information for each year has been audited and attested by CPAs.

Note 2: The calculation formula of the analysis item is as follows:

Note 3: If the net cash flow from operating activities is negative, it shall not be calculated.

Note 4: If the net cash flow from operating activities after deducting cash dividends is a negative number, it shall not be calculated.

(II) International Accounting Standards-Financial Analysis (Parent Company Only)

Item (Note 2)		Year (Note 1)	Financial analysis for the most recent five years					Current year ended March 31, 2024
		2019	2020	2021	2022	2023		
Capital structure analysis(%)	Debt ratio	50.98	55.02	46.95	47.86	45.38		
	Long-term funds to property, plant and equipment ratio	175.98	200.28	246.20	272.18	324.69		
Liquidity analysis %	Current ratio	92.77	92.19	111.73	142.48	159.60		
	Quick ratio	52.95	45.73	53.43	89.32	101.07		
	Times interest earned	43.70	119.10	184.32	2,385.23	11,873.16		
Operating performance analysis	Average collection turnover (times)	13.20	14.75	18.08	21.62	24.76		
	Days sales outstanding	27.65	24.75	20.19	16.88	14.74		
	Average inventory turnover (times)	2.24	1.90	1.71	1.65	1.61		
	Average payment turnover (times)	3.58	4.89	5.96	5.61	3.21		
	Average inventory turnover days	162.95	192.11	213.45	221.21	226.71		
	Property, plant and equipment turnover (times)	2.25	2.37	2.88	3.19	3.60		
	Total assets turnover (times)	0.65	0.61	0.65	0.66	0.57		
Profitability	Return on total assets (%)	8.93	10.67	11.77	13.32	14.46		
	Return on equity (%)	18.95	22.63	23.85	25.32	27.05		
	Net income before tax to paid-in capital ratio (%)	48.60	62.27	70.21	78.26	88.70		
	Net profit ratio (%)	13.86	17.31	17.90	20.06	21.97		
	Earnings per share (NTD)	3.96	4.73	5.88	6.86	8.37		
Cash flow	Cash flow ratio (%)	40.04	15.40	24.39	43.79	22.25		
	Cash flow adequacy ratio (%)	152.79	87.66	107.72	130.57	124.03		
	Cash reinvestment ratio (%)	36.10	5.48	5.19	19.82	2.57		
Leverage	Operating leverage	1.08	1.06	1.04	1.03	1.02		
	Financial leverage	1.03	1.01	1.01	1.00	1.00		
Please explain the reasons for the changes in the financial ratios in the last two years. (If the increase or decrease is less than 20%, the analysis is not required.)								
Changes in financial ratios exceeding 20% in the most recent two years are explained as follows:								
1. The increase in current ratio and quick ratio was due to the increase in current assets and decrease in current liabilities.								
2. The increase in interest coverage ratio was due to the increase in profit before tax and the decrease in interest expense during the year.								
3. The increase in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio was due to the increase in net cash flow from operating activities during the year.								

Note 1: The financial information for each year has been audited and attested by CPAs.

Note 2: The calculation formula of the analysis item is as follows:

Note 3: If the net cash flow from operating activities is negative, it shall not be calculated.

Note 4: If the net cash flow from operating activities after deducting cash dividends is a negative number, it shall not be calculated.

1. Capital structure analysis
 - (1) Debts ratio = Total liabilities / Total assets
 - (2) Long-term funds to property, plant and equipment ratio = (Net shareholders' equity + Long-term liabilities) / (Net property, plant and equipment) .
2. Liquidity analysis
 - (1) Current ratio = Current assets / Current liabilities
 - (2) Quick ratio = (Current assets – Inventories – Prepaid expenses) / Current liabilities.
 - (3) Times interest earned = Net profit before income tax and interest / Interest expenses
3. Operating performance analysis
 - (1) Average collection turnover (including notes receivable resulted from accounts receivable and business operations) = Net operating revenue / Average accounts receivable (including notes receivable resulted from accounts receivable and business operations)
 - (2) Days sales outstanding = 365 / Average collection turnover
 - (3) Average inventory turnover = Cost of goods sold / Average inventory
 - (4) Average payment turnover (including notes payable resulted from accounts payable and business operations) = Cost of goods sold / Average accounts payable (including notes payable resulted from accounts payable and business operations)
 - (5) Average inventory turnover days = 365 / Average inventory turnover
 - (6) Property, plant and equipment turnover = Net operating revenue / Net property, plant and equipment
 - (7) Total assets turnover = Net operating revenue / Total assets
4. Profitability
 - (1) Return on total assets = [Net income after tax + Interest expenses x (1 - tax rate)] / Average total assets
 - (2) Return on equity = Net income after tax / Average net equity
 - (3) Net profit ratio = Net income after tax / Net operating revenue
 - (4) Earnings per share = (Net profit after tax – Preferred stock dividends) / Weighted average number of shares outstanding
5. Cash flow
 - (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities
 - (2) Cash flow Adequacy Ratio = Net cash flow from operating activities in the most recent five years / Sum of capital expenditure, increase in inventories, and cash dividends in the most recent five years
 - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends) / (Gross fixed assets + Long-term investments + Other assets + Working capital).
6. Leverage:
 - (1) Operating leverage = (Net operating revenue - Variable cost) / Net operating income
 - (2) Financial leverage = Net operating income / (Net operating income - Interest expenses)

III. Audit Committee's Review Report

Dimerco Data System Corporation Audit Committee's Review Report

The Board of Directors prepared and submitted the Company's Business Report, Financial Statements, Consolidated Financial Statements and Proposal for Earnings for the year of 2023, among which the Financial Statements and the Consolidated Financial Statements have been audited by CPAs Huang Po Shu and Wu Chung Shun of KPMG Taiwan, and an audit report was issued.

The Audit Committee has reviewed the above Business Report, Financial Statements, Consolidated Financial Statements and Proposal for Earnings and is of the view that there is no inconsistency. The above report is made in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2024 Shareholders' Meeting of Dimerco Data System Corporation

Convener of Audit Committee: Yao Chang Juan

March 8, 2024

IV. CPA audited and attested Consolidated Financial Statements for the most recent year:

Declaration of Consolidation of Financial Statements of Affiliates

For the year of 2022 (from January 1 to December 31, 2022), the Company's entities that are required to be included in the consolidated financial statements of affiliated enterprises under the "Criteria Governing Preparation of Consolidated Business Report of Affiliated Enterprises, Consolidated Financial Statements of Affiliated Enterprises, and Affiliation Reports" are the same as those required to be included in the parent-subsidary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of affiliated enterprises has been fully disclosed in the aforementioned parent-subsidary consolidated financial statements. Consequently, a separate set of consolidated financial statements of affiliated enterprises is not prepared.

Sincerely,

Company Name: Dimerco Data System Corporation

Managerial Officer: Szu Wei Chuang

March 9, 2023

Independent Auditors' Report

To the Board of Directors of Dimerco Data System Corporation:

Opinion

We have audited the consolidated financial statements of Dimerco Data System Corporation and its subsidiaries ("the Group"), which comprise the consolidated balance sheet as of December 31, 2023, the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year ended December 31, 2023 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 developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to notes 4(q), 5 and 6(w) for disclosures related to revenue recognition.

Description of key audit matter:

When Dimerco Data System Corporation (" the Company") is unable to reasonably measure the result of performance obligations of service contracts pertaining to software design which met the criteria to recognize revenue over time, the service revenue is recognized by considering the recoverability of incurred costs. The Company recognizes service revenue within the amount of incurred costs when the incurred costs are likely to be recovered before the acceptance by the client. At the time the work performed is accepted by the client and confirmed by the responsible department, the service revenue for the period is recognized based on the difference between the total contract price and the accumulated recognized service revenue. As the timing of service revenue recognition is affected by the accuracy of the audit conducted by the responsible department, thus, the service revenue recognition in the aforementioned manner is considered to be a key audit matter.

How the matter was addressed in our audit:

The key audit procedures performed are to understand and test whether the internal controls of the sales and collection cycle are properly implemented; to obtain the details of software development service contracts, to verify the contract price and randomly check the consistency between the incurred costs and the supporting documents; as well as to select sales transactions upon the acceptance of software development from a period of time before and after the reporting date to determine whether the revenue is recognized in the correct period.

Other Matter

The financial statements of Dimerco Data System Corporation for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on March 9, 2023.

Dimerco Data System Corporation has additionally prepared its parent company only financial statements as of and for the year ended December 31, 2023, on which we have issued an unqualified audit opinion. For the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on March 9, 2023.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed 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 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 auditor's 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 Huang, Po-Shu and Wu, Chung-Shun.

KPMG

Taipei, Taiwan (Republic of China)
March 7, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 independent auditors' 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 independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2023</u>		<u>December 31, 2022</u>				<u>December 31, 2023</u>		<u>December 31, 2022</u>	
Assets		Amount	%	Amount	%			Amount	%	Amount	%
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 1,106,942	25	473,554	9	2130	Current contract liabilities (note 6(w))	879,898	20	1,032,156	20
1110	Financial assets at fair value through profit or loss - current (note 6(b))	2,196	-	5,884	-	2150	Notes payable	-	-	117,596	2
1120	Financial assets at fair value through other comprehensive income - current (note 6(c))	112,951	3	91,327	2	2170	Accounts payable (note 7)	508,169	11	167,138	3
1136	Current financial assets at amortized cost, net (notes 6(d) and 8)	28,889	1	118,630	2	2200	Other payables (notes 6(r) and (x))	321,601	7	278,368	5
1140	Contract assets - current (note 6(w))	370,074	8	311,767	6	2230	Current tax liabilities	76,635	2	78,468	1
1150	Notes receivable (notes 6(e) and (w))	177	-	830	-	2250	Provisions — current (note 6(p))	160,796	4	145,790	3
1170	Accounts receivable (notes 6(e), (w) and 7)	119,241	3	103,252	2	2260	Liabilities directly related to non-current assets held for sale (note 6(h))	-	-	976,444	19
1197	Finance lease receivable (note 6(f))	2,686	-	1,306	-	2300	Other current liabilities	19,600	-	30,824	1
130x	Inventories (note 6(g))	1,122,546	25	942,599	18		Total current liabilities	1,966,699	44	2,826,784	54
1410	Prepayments	28,580	1	41,077	1	25xx	Non-current liabilities:				
1460	Non-current assets held for sale, net (note 6(h))	-	-	1,602,984	31	2570	Deferred tax liabilities (note 6(s))	-	-	942	-
1478	Refundable deposits	242,701	5	217,608	4	2640	Net defined benefit liabilities - non-current (note 6(r))	32,490	1	34,103	1
1479	Other current assets	1,803	-	130	-	2670	Other non-current liabilities (note 6(u))	20,270	-	8,329	-
	Total current assets	3,138,786	71	3,910,948	75		Total non-current liabilities	52,760	1	43,374	1
15xx	Non-current assets:					2xxx	Total liabilities	2,019,459	45	2,870,158	55
1550	Investments accounted for under equity method (note 6(i))	7,031	-	5,443	-		Equity (notes 6(h), (j), (k), (l), (t) and (u)):				
1600	Property, plant and equipment (notes 6(m) and 8)	764,973	17	773,948	15	3110	Ordinary shares	762,895	17	743,350	14
1760	Investment property, net (notes 6(n) and 8)	520,934	12	523,700	10	3200	Capital surplus	401,597	9	244,425	5
1821	Intangible assets, net (note 6(o))	2,495	-	1,537	-	3300	Retained earnings:				
1840	Deferred income tax assets (note 6(s))	15,057	-	14,631	-	3310	Legal reserve	391,744	9	341,156	7
1920	Refundable deposits	5	-	5	-	3320	Special reserve	2,335	-	2,335	-
194D	Long-term finance lease receivable (note 6(f))	1,226	-	1,120	-	3350	Retained earnings	881,042	20	694,644	13
	Total non-current assets	1,311,721	29	1,320,384	25			1,275,121	29	1,038,135	20
						3400	Other equity interest:				
						3420	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	86,608	2	65,315	1
						3491	Other equity, unearned compensation	(95,173)	(2)	(28,101)	(1)
								(8,565)	-	37,214	-
							Total equity attributable to shareholders of the company	2,431,048	55	2,063,124	39
						36xx	Non-controlling interests	-	-	298,050	6
1xxx	Total assets	\$ 4,450,507	100	5,231,332	100	3xxx	Total equity	2,431,048	55	2,361,174	45
						2-3xxx	Total liabilities and equity	\$ 4,450,507	100	5,231,332	100

See accompanying notes to consolidated financial statements.

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**Consolidated Statements of Comprehensive Income****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (note 6(w))	\$ 2,766,374	100	2,482,878	100
5000	Operating costs (notes 6(g), (m), (p), (r), (u), (x) and 7)	1,667,168	60	1,503,779	61
5900	Gross profit from operations	1,099,206	40	979,099	39
6000	Operating expenses (notes 6(m), (o), (r), (u), (x) and 7):				
6100	Selling expenses	102,432	3	82,630	3
6200	Administrative expenses	190,496	7	188,481	8
6300	Research and development expenses	185,530	7	171,100	7
	Total operating expenses	478,458	17	442,211	18
6900	Net operating income	620,748	23	536,888	21
7000	Non-operating income and expenses (notes 6(c), (f), (i), (k), (n), (p), (q) and (y)):				
7100	Interest income	10,950	-	1,821	-
7010	Other income	42,656	2	48,835	2
7020	Other gains and losses	827	-	(7,074)	-
7050	Finance costs	(57)	-	(244)	-
7060	Share of loss of associates and joint ventures accounted for under equity method	1,588	-	-	-
	Total non-operating income and expenses	55,964	2	43,338	2
7900	Net income before tax	676,712	25	580,226	23
7950	Less: Income tax expenses (note 6(s))	135,362	5	117,379	5
	Profit (loss) from continuing operations	541,350	20	462,847	18
	Profit (loss) from discontinued operations:				
8100	Profit (loss) from discontinued operations, net of tax (notes 6(k), 7 and 12(b))	82,930	3	67,758	3
	Net income	624,280	23	530,605	21
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss: (notes 6(n), (o), (s) and (t))				
8311	Gain (losses) on remeasurements of defined benefit plans	(12)	-	9,639	1
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	21,293	1	(42,751)	(2)
8349	Less: income tax related to items that will not be reclassified to profit or loss	-	-	1,928	-
8300	Other comprehensive income (loss), net of tax	21,281	1	(35,040)	(1)
8500	Total comprehensive income	\$ 645,561	24	495,565	20
	Net income attributable to:				
8610	Shareholders of the parent	\$ 607,883	22	497,064	20
8620	Non-controlling interests	16,397	1	33,541	1
		\$ 624,280	23	530,605	21
	Total comprehensive income attributable to:				
8710	Shareholders of the parent	\$ 629,164	23	462,024	19
8720	Non-controlling interests	16,397	1	33,541	1
		\$ 645,561	24	495,565	20
	Earnings per share (note 6(v)):				
9710	Basic earnings per share from continuing operations	\$	7.45		6.40
9720	Basic earnings per share from discontinued operations		0.92		0.46
	Total basic earnings per share	\$	8.37		6.86
9810	Diluted earnings per share from continuing operations	\$	7.28		6.27
9820	Diluted earnings per share from discontinued operations		0.89		0.45
	Total diluted earnings per share	\$	8.17		6.72

See accompanying notes to consolidated financial statements.

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

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Retained earnings		Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned compensation	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
					Unappropriated earnings	Total						
Balance at January 1, 2022	\$ 708,851	242,231	299,168	2,335	549,705	851,208	108,066	(47,937)	60,129	1,862,419	205,222	2,067,641
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	41,988	-	(41,988)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(283,516)	(283,516)	-	-	-	(283,516)	-	(283,516)
Stock dividends of ordinary share	35,439	-	-	-	(35,439)	(35,439)	-	-	-	-	-	-
Net income	-	-	-	-	497,064	497,064	-	-	-	497,064	33,541	530,605
Other comprehensive income	-	-	-	-	7,711	7,711	(42,751)	-	(42,751)	(35,040)	-	(35,040)
Total comprehensive income	-	-	-	-	504,775	504,775	(42,751)	-	(42,751)	462,024	33,541	495,565
Disposal of subsidiaries or investments accounted for using equity method	-	-	-	-	-	-	-	-	-	-	(2,988)	(2,988)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	497	-	-	-	-	-	-	-	497	74,693	75,190
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(12,418)	(12,418)
Remuneration costs of restricted stock for employees	-	757	-	-	1,107	1,107	-	19,836	19,836	21,700	-	21,700
Cancellation of restricted stock for employees	(940)	940	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2022	743,350	244,425	341,156	2,335	694,644	1,038,135	65,315	(28,101)	37,214	2,063,124	298,050	2,361,174
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	50,588	-	(50,588)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(371,615)	(371,615)	-	-	-	(371,615)	-	(371,615)
Net income	-	-	-	-	607,883	607,883	-	-	-	607,883	16,397	624,280
Other comprehensive income	-	-	-	-	(12)	(12)	21,293	-	21,293	21,281	-	21,281
Total comprehensive income	-	-	-	-	607,871	607,871	21,293	-	21,293	629,164	16,397	645,561
Disposal of subsidiaries or investments accounted for using equity method	-	(1,633)	-	-	-	-	-	-	-	(1,633)	(302,029)	(303,662)
Share-based payments	20,000	158,350	-	-	-	-	-	(89,175)	(89,175)	89,175	-	89,175
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(12,418)	(12,418)
Remuneration costs of restricted stock for employees	-	-	-	-	730	730	-	22,103	22,103	22,833	-	22,833
Cancellation of restricted stock for employees	(455)	455	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2023	\$ 762,895	401,597	391,744	2,335	881,042	1,275,121	86,608	(95,173)	(8,565)	2,431,048	-	2,431,048

See accompanying notes to consolidated financial statements.

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
Cash flows from operating activities:		
Profit from continuing operations before tax	\$ 676,712	580,226
Profit from discontinued operations before tax	90,879	86,361
Net income before tax	767,591	666,587
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation	19,650	31,375
Amortization	5,981	11,210
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(1,287)	3,548
Interest expense	1,853	4,714
Interest income	(12,682)	(6,665)
Dividend income	(12,740)	(12,461)
Share-based payments	22,833	21,700
Share of loss of associates accounted for under equity method	(1,588)	-
Loss on disposal of property, plant and equipment	(20)	(116)
Gain on disposal of investments accounted for using equity method	(51,134)	(2,560)
Impairment loss on investment property	-	11,750
Others	-	44,639
Total adjustments to reconcile profit	(29,134)	107,134
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Contract assets	16,535	(90,417)
Notes receivable	797	(184)
Accounts receivable	(125,797)	(72,766)
Other receivables	-	6,423
Inventories	(234,387)	(25,128)
Prepayments	65,236	(31,742)
Other current assets	6,644	(24,977)
Total changes in operating assets, net	(270,972)	(238,791)
Net changes in operating liabilities:		
Contract liabilities	(144,035)	41,267
Notes payable	262,583	213,463
Other payables	47,340	36,652
Provisions	15,006	(29,007)
Other current liabilities	21,846	7,189
Net defined benefit liability	(1,625)	(1,535)
Total changes in operating liabilities, net	201,115	268,029
Total changes in operating assets / liabilities, net	(69,857)	29,238
Total adjustments	(98,991)	136,372
Cash provided by operating activities	668,600	802,959
Interest income received	12,682	6,665
Payments of interest	(1,853)	(4,714)
Income tax paid	(158,493)	(128,065)
Net cash provided by operating activities	520,936	676,845
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(331)	-
Acquisition of financial assets at amortized cost	-	(89,071)
Proceeds from disposal of financial assets at amortized cost	89,741	112,491
Acquisition of financial assets designated at fair value through profit or loss	(2,000)	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	6,975	-
Proceeds from disposal of subsidiaries	309,865	12
Acquisition of property, plant and equipment	(6,047)	(11,913)
Proceeds from disposal of property, plant and equipment	40	1,502
Increase in refundable deposits	(38,821)	(2,636)
Acquisition of intangible assets	(3,998)	(2,972)
Decrease in long-term finance lease receivables	4,467	28,821
Dividends received	12,740	12,461
Net cash provided by investing activities	372,631	48,695
Cash flows from financing activities:		
Decrease in short-term loans	(72,000)	(65,276)
Decrease in short-term notes and bills payable	29,987	(4,551)
Proceeds from long-term debt	-	65,276
Repayments of long-term debt	(10,651)	(31,876)
Increase in guarantee deposits received	-	104
Payment of lease liabilities	(194)	(1,685)
Cash dividends paid	(371,615)	(283,516)
Proceeds from restricted shares for employees	102,500	-
Disposal of ownership interests in subsidiaries (without losing control)	-	79,002
Changes in non-controlling interests	-	(12,418)
Cancellation of restricted shares for employees	(1,384)	(2,858)
Net cash used in financing activities	(323,357)	(257,798)
Net increase in cash and cash equivalents	570,210	467,742
Cash and cash equivalents at beginning of period	536,732	68,990
Cash and cash equivalents at end of period	\$ 1,106,942	\$ 536,732
Components of cash and cash equivalents		
Cash and cash equivalents reported in the statement of financial position	\$ 1,106,942	473,554
Cash and cash equivalent reclassified to non-current assets held for sale	-	63,178
Cash and cash equivalents at end of period	\$ 1,106,942	\$ 536,732

See accompanying notes to consolidated financial statements.

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

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

DIMERCO DATA SYSTEM CORPORATION (the Company) was incorporated in November 1981 as a company limited by shares under the laws of the Republic of China (ROC). The Company is registered at 8th Floor, No. 151, Xing' ai Rd., Neihu Dist., Taipei City, Taiwan. The consolidated financial statements for the year ended December 31, 2022 comprised the Company and its subsidiaries (the Group). The Group is mainly engaged in the design, development and sales of various computer software, the agency and sales of computer hardware equipment, computer data processing services, computer information consulting business and computer leasing, etc.

The Company was approved as a listed company by the Securities and Futures Regulatory Commission of the Ministry of Finance on August 16, 1999, and officially listed for trading on October 15, 1999.

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

The consolidated financial statements were approved by the Board of Directors and published on March 7, 2024.

(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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- 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"

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules"

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (b) The impact of IFRS 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, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following 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”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material policies

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

- (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the IFRSs, IASs, IFRIC, and SIC endorsed by the FSC.

- (b) Basis of preparation

- (i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated (Refer to the summary on significant accounting policies).

- (ii) Functional and reporting currency

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

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The Company controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its control over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup transactions and balances, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies to align with those used by the Group.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. 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 included in the consolidated financial statements

The consolidated entities were as follows:

Name of investor	Name of subsidiary	Principal activity	Percentage of ownership		Remarks
			December 31, 2023	December 31, 2022	
The Company	High Performance Information Co. Ltd. (High Performance)	Sales and lease of information related products as well as setup hardware and maintenance service	- %	48.43%	

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

On April 7, 2022, the Board of Directors of the Company has resolved to sell all the shares of High Performance. As of December 31, 2022, the Group's shareholding ratio was reduced to 48.43%, and the Group was still the single largest legal shareholder with controlling power. As the remaining 51.57% shareholding was owned by various individual shareholders and were not related parties of the Company, after considering the controlling power of other shareholders, the Company still had the ability to control and direct the operation of High Performance, hence the Company accounted the investee as a subsidiary. As the Group expects to complete the disposal process within 12 months, all investments in the subsidiary are reclassified as noncurrent assets held for sale. The Group has fully disposed the investee in June 2023.

(d) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, 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 that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(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 is expected to be realized, or intended to be sold or consumed, in the 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 period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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 the 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 period; 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.

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in 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 instruments

Trade receivables 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. A trade 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 basis.

On initial recognition, a financial asset is classified as measured at: amortized cost fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequently 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 at FVTPL:

- 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.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group' s right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, 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 interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, long-term financial lease receivable, and refundable deposit).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (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.

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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.

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

12-month ECLs are the portion of ECLs 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 ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers a financial asset to be in default when the financial asset is more than 1 years past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. 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). ECLs 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 90 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 probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The gross carrying amount of a financial asset is written off (either partially or in full) 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.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

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 obligations are discharged or cancelled, or expire. 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.

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

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

(h) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all necessary costs incurred in bringing the inventories to a condition and location ready for sale or production and is calculated using the weighted average method.

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 and discontinued operations

(i) Non-current assets held for sale

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

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

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.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business that either has been disposed, or is classified as held for sale, and

- 1) represents a separate major line of business or geographic area of operations;
- 2) is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- 3) is a subsidiary acquired exclusively with a view to resale.

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint 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 statements 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. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate' s equity changes due to reasons other than profit or loss or comprehensive income, which did not result in changes in actual proportionate share.

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

When the Group' s share of losses equals or exceeds its interests in an associate, it discontinues recognizing 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.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, 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 cost

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

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value 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.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	5~55 years
Transportation equipment	5 years
Office equipment	3~5 years
Other equipment	3~7 years

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

(l) Investment property

Investment property is 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 life, 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.

(m) Intangible assets

The Group's intangible assets are primarily outsourced software. Amortization is measured at cost less accumulated amortization and any accumulated impairment losses, and is recognized in profit or loss on a straight-line basis over the estimated useful lives(1~3 years) of intangible assets from the date that they are available for use.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as changes in accounting estimates.

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(n) 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 lessee

When the Group is the lessee, 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 using the 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, 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.

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

- 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 for purchase or termination options that are reasonably certain to be exercised.

The lease liability is 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 Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 or 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 in profit or loss any gain or loss relating to the partial or full termination of the lease.

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

The Group has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets, including its office equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

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.

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

The lessor 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 lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's 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 rental income.

(o) Impairment of non-financial assets

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

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 CGUs.

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 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.

(p) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(q) Revenue

Revenue is measured based 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 accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group sells and purchases computer hardware equipment and recognizes revenue when control of the products has been transferred. The control of the products has been transferred when the products are delivered to the customer, the Group is no longer engaged in the management of the products and does not maintain effective control over the products the customer accepts the products according to the sales contract or there is objective evidence that all acceptance terms have been met.

At the time of sale, the Group renders the standard warranty stated in the agreement, which is recognized as a provision for warranty liabilities.

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

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A receivable is recognized when the goods are delivered, as this is the point in time that the Group has the unconditional right to receive the consideration.

(i) Services

The Group provides software design, system maintenance, installation and integration services, and recognizes revenue in the accounting period in which the services are rendered. For the performance obligations gradually met over time, the revenue is recognized based on the proportion of actual services provided to the total services to be provided as of the reporting date, which is determined by the actual number of labor hours relative to the expected total number of hours. However, if the Group cannot reasonably measure the result of the performance obligation, but the Group expects to recover the incurred cost of meeting the performance obligation, in such cases, the Group only recognizes the revenue within the scope of the incurred cost before reasonably measuring the result of the performance obligation.

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 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.

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

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.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss.

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings.

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

(iii) Short-term employee benefits

Short-term employee benefits 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.

(s) Share-based payment

Restricted stock for employees is based on the fair value of equity instruments on grant day and the best estimate of the number of shares expected to be vested. The expenses are recognized on a straight-line basis over the vesting period, and other equity is adjusted at the same time (Unearned compensation of employees). If vested at grant date, the expense is recognized in full at the same date. When the Group issues the restricted stock for employees, the date on which the number of shares subscribed by employees is confirmed shall be the grant date.

When the Group issues restricted stock for employees, it shall recognize other equity (Unearned compensation of employees) on the grant date, and adjust the capital reserve - restricted stock for employees. If the restricted stock for employees is issued for compensation, and it is agreed that the price shall be returned when the employee leaves the Group, the relevant receivable shall be recognized. If the employee leaves the Group within the vesting period and does not need to return the dividends received, the expenses shall be recognized when the dividend is declared and the retained earnings and capital reserves - restricted stock for employees shall be adjusted at the same time.

The Group revises on each balance sheet date the estimated number of vested restricted stock for employees. If the original estimate is revised, the effect is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to the capital reserve - restricted stock for employees.

(t) Income tax

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

Current taxes include tax payables or receivables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred income tax are measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) The taxing of deferred income tax assets and liabilities fulfill one of the below scenarios:
 - 1) levied by the same taxing authority; or
 - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred income tax asset should be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Such deferred tax assets shall also be reevaluated at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(u) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The number of share outstanding is decreased when the Company repurchases treasury stock. The weighted average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid in capital.

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Dilutive potential ordinary shares comprise restricted stock for employees as well as employee compensation not yet approved by the Board of Directors. The calculation of diluted earnings per share is based 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.

When computing diluted earnings per share with regards to employee bonuses in the form of stock, the closing price at the balance sheet date is used as the basis of computation in the number of shares to be issued. When computing diluted earnings per share prior to the following year's Board of Directors the effect of dilution from these potential stocks is taken into consideration.

(v) **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). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. It has been identified that the Group has only one reportable segment.

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

The preparation of the consolidated financial statements to make 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.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next 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:

Revenue recognition of software design

When the Group cannot reliably estimate the result of a software design service contract, contract revenue is recognized only to the extent that contract costs incurred are expected to be recovered, and contract costs are recognized as expenses in the period in which they are incurred. If the total contract cost is likely to exceed the total contract revenue, all anticipated losses are immediately recognized as expenses. Because the results of the contract cannot be reliably estimated, the revenue calculation may vary from each period.

There are no major assumptions and estimation uncertainties that might have a significant risk of resulting in a material adjustment within the next financial year.

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 55	45
Checks and demand deposits in banks	56,139	153,951
Time deposits	107,468	-
Cash equivalent	943,280	319,558
Cash and cash equivalents per statements of cash flow	<u>\$ 1,106,942</u>	<u>473,554</u>

Time deposits with the maturity date within 3 months that are held for the purpose of meeting short-term cash commitments rather than for investment, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value are classified under cash and cash equivalent.

Please refer to note 6(z) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

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

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Domestic listed stocks	\$ -	5,884
Open-end fund	2,196	-
Total	<u>\$ 2,196</u>	<u>5,884</u>

Please refer to note 6(y) for the gains or losses on financial assets and liabilities remeasured at fair value through profit or loss.

As of December 31, 2023 and 2022, the Group did not provide the financial assets as collateral.

(c) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Domestic listed stock	<u>\$ 112,951</u>	<u>91,327</u>

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022, the dividends of \$12,641 thousand and \$12,211 thousand, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized.

No equity investments were disposed for the years ended December 31, 2023 and 2022, and there were no transfers of any cumulative gain or loss related to these investments within equity.

(ii) For credit risk and market risk, please refer to note 6(z).

(iii) The Group did not provide the financial assets as collateral.

(d) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposits	<u>\$ 28,889</u>	<u>118,630</u>
Interest rate (%)	<u>1.16%</u>	<u>0.37%~5.00%</u>

(i) The Group has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(ii) For credit risk, please refer to note 6(z) °

(iii) The Group's financial assets measured at amortized cost were pledged as collateral, please refer to note 8.

(e) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 177	830
Accounts receivable	122,057	106,068
Less: allowance for impairment	<u>2,816</u>	<u>2,816</u>
	<u><u>\$ 119,418</u></u>	<u><u>104,082</u></u>

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 106,439	-	-
1 to 30 days past due	10,072	-	-
31 to 60 days past due	5,090	-	-
Past due over 120 days	633	100%	633
	<u>\$ 122,234</u>		<u>633</u>

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 96,543	-	-
1 to 30 days past due	9,946	-	-
31 to 60 days past due	154	-	-
61 to 90 days past due	54	-	-
91 to 120 days past due	198	40%	79
Past due over 120 days	3	100%	3
	<u>\$ 106,898</u>		<u>82</u>

The movement in the allowance for accounts receivable was as follows:

	2023	2022
Balance at end of the period (balance at beginning of the period)	<u>\$ 2,816</u>	<u>2,816</u>

The Group does not hold any collateral for the collected amounts.

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(f) Finance lease receivable

A maturity analysis of lease payments, which reflects the undiscounted lease payments to be received after the reporting date, is as follows:

	December 31, 2023	December 31, 2022
Less than one year	\$ 2,813	1,364
One to two years	1,257	1,136
Total finance lease receivable	4,070	2,500
Unearned finance income	(158)	(74)
Present value of finance lease receivable	<u>\$ 3,912</u>	<u>2,426</u>
Current	<u>\$ 2,686</u>	<u>1,306</u>
Non-current	<u>\$ 1,226</u>	<u>1,120</u>

During the lease term, the implied interest rate of the lease is determined on the contract date and does not change. As of December 31, 2023 and 2022, the implied interest rate of finance lease is 3.14%~5.00% per annum and 3.14%~6.00% per annum, respectively.

The loss allowance of finance lease receivable should be measured according to the expected credit loss during its existence. By the reporting date, there was no overdue and uncollected finance lease receivable. In addition, considering the counterparty's past default record and the future development of the leasing target industry, the Group believed that the above finance lease receivable had not been impaired.

(g) Inventories

The components of the Group's inventories were as follows:

	December 31, 2023	December 31, 2022
Merchandise inventory	<u>\$ 1,122,546</u>	<u>942,599</u>

The Group's inventories were not provided as pledged assets.

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

	2023	2022
Loss on decline in market value of inventory (gain from recovery of market value of inventory)	<u>\$ (58)</u>	<u>544</u>

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(h) Non-current assets held for sale

The Board of Directors of the Company has decided on April 7, 2022, to sell all the shares of High Performance at \$21 to \$28 per share. Subsequently, 3,332 thousand shares were sold for \$79,002 thousand in April 2022. After the sale, the Company's shareholding ratio was reduced from 62.27% to 48.43%, and it was still the single largest legal shareholder with controlling power. As the Company expected to complete the disposal process within 12 months, the assets and liabilities of the subsidiary were reclassified as noncurrent assets held for sale, which were presented separately in the consolidated balance sheet. The disposal proceeds were expected to exceed the carrying value of the net asset of the subsidiary, hence, no impairment loss was recognized when reclassifying such subsidiary as noncurrent assets held for sale. The Company completed the sale of the remaining shares in June 2023 and lost control of High Performance, please refer to note 6(k) for more information.

	2022.12.31
Cash	\$ 63,178
Current financial assets at amortized cost, net	1,014
Contract assets — current	75,292
Notes receivable	473
Accounts receivable	403,152
Finance lease receivable	59,653
Inventories	174,607
Prepayments	119,991
Other current assets	26,113
Non-current financial assets at amortized cost, net	5,100
Property, plant and equipment	455,818
Goodwill	47,871
Other intangible assets	50,317
Deferred income tax assets	5,616
Long-term finance lease receivable	76,596
Other non-current assets	38,193
Total Non-current assets held for sale	<u>\$ 1,602,984</u>

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	<u>2022.12.31</u>
Short-term borrowings	\$ 110,000
Current contract liabilities	55,433
Notes payable and accounts receivable	542,325
Other payables	71,791
Current tax liabilities	19,960
Current lease liabilities	194
Long term borrowings — current portion	25,650
Other current liabilities	11,590
Contract liabilities — non-current	6,446
Long-term borrowings	111,233
Deferred tax liabilities	21,668
Other non-current liabilities	154
Liabilities directly related to non-current assets held for sale	<u><u>\$ 976,444</u></u>

(i) Investments accounted for under the equity method

A summary of the Group' s financial information for investments accounted for using the equity method at the reporting date is as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Associates	<u><u>\$ 7,031</u></u>	<u><u>5,443</u></u>

(i) Associates

The Group' s financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	<u>December 31,</u> <u>2023</u>	<u>December 31,</u> <u>2022</u>
Carrying amount of individually insignificant associates' equity	<u><u>\$ 7,031</u></u>	<u><u>5,443</u></u>
Attributable to the Group:	<u>2023</u>	<u>2022</u>
Profit from continuing operations	\$ 1,588	-
Other comprehensive income	-	-
Total comprehensive income	<u><u>\$ 1,588</u></u>	<u><u>-</u></u>

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group disposed of 1,000 thousand shares of Dimwave Fintech Ltd. on December 30, 2022. As a result, its shareholding in the company was reduced from 80% to 30% and hence lost its control. Therefore, the company has been listed as an associate from December 30, 2022. Please refer to note 6(k).

(ii) Collateral

As of December 31, 2023 and 2022, the Group did not provide any investment accounted for using the equity method as collaterals.

(j) Changes in a parent's ownership interest in a subsidiary

	2022
Consideration received from non controlling interests	\$ 79,002
The carrying value of the subsidiary	(74,693)
Tax expenses directly charged to equity	<u>(3,812)</u>
Capital surplus differences between consideration and carrying amounts subsidiaries acquired/disposed	<u><u>\$ 497</u></u>

(k) Loss control of subsidiaries

- (i) In June 2023, the Company disposed the remaining shareholdings in High Performance for \$381,008 thousand and as such, the Company lost the control in High Performance. As a result, a gain of \$51,134 thousand from the disposition was recognized and recorded under the discontinued operations. The gain from the disposition included the reversal of capital surplus by the Company—the change in the net equity value of associates recognized using the equity method of \$1,633 thousand.

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

At the time of the disposition, the carrying value of the assets and liabilities of High Performance is as follows:

Cash and cash equivalents	\$ 71,143
Current financial assets at amortized cost, net	1,014
Contract assets — current	450
Notes receivable	329
Accounts receivable	512,960
Finance lease receivable	130,296
Inventories	229,047
Prepayments	67,252
Other current assets	17,796
Non-current financial assets at amortized cost, net	5,100
Property, plant and equipment	455,285
Goodwill	47,871
Other intangible assets	47,376
Deferred income tax assets	5,616
Other non-current assets	51,921
Short-term borrowings	(38,000)
Commercial paper payable	(29,987)
Current contract liabilities	(58,419)
Notes payable and accounts receivable	(581,473)
Other payables	(89,665)
Current tax liabilities	(8,483)
Other current liabilities	(44,660)
Contract liabilities — non-current	(11,683)
Long-term borrowings	(126,232)
Deferred tax liabilities	(21,164)
Other non-current liabilities	(154)
Carrying amount of net assets	<u><u>\$ 633,536</u></u>
Net assets attributable to:	
The Company	\$ 331,507
Non-controlling interests	<u>302,029</u>
	<u><u>\$ 633,536</u></u>

- (ii) The Company disposed of 50% shares of Dimwave Fintech Ltd. on December 30, 2022, for \$9,073 thousand and lost control thereof. A disposal gain of \$2,560 thousand was recognized and recorded under other gains and losses. The aforementioned gain included a gain of \$960 thousand recognized due to the measurement of the remaining 30% of the shareholding in the investee using the fair market value of \$5,443 thousand as of December 30, 2022.

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Notes to the Consolidated Financial Statements

At the time of the disposition, the carrying value of the assets and liabilities of Dimwave Fintech Ltd. is as follows:

Cash and cash equivalents	\$	9,061
Current financial assets at amortized cost, net		1,731
Accounts receivable		3,678
Inventories		4,906
Prepayments		1,512
Other current assets		307
Property, plant and equipment		256
Deferred income tax assets		1,195
Current contract liabilities		(4,429)
Accounts receivable		(813)
Other payables		(1,671)
Provision		(630)
Other current liabilities		(159)
Carrying amount of net assets	\$	<u>14,944</u>
Net assets attributable to:		
The Company	\$	11,956
Non-controlling interests		2,988
	\$	<u>14,944</u>

(1) Material non-controlling interests of subsidiaries

<u>Name of subsidiary</u>	<u>Main operating location / country of registration</u>	<u>Ownership and voting right percentage</u>	
		<u>December 31, 2023</u>	<u>December 31, 2022</u>
High Performance	New Taipei City	- %	51.57%

The Group fully disposed of High Performance in June 2023, please refer to note 4(c) for relevant information.

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The following information of the aforementioned subsidiaries is prepared in accordance with the IFSs endorsed by the FSC. Included in this information are the fair value adjustments and adjustments for differences in accounting policies made by the Group at the acquisition date. Intra-group transactions were not eliminated in this information.

(i) High Performance collective financial information

	December 31, 2022	
Current assets	\$ 923,771	
Non-current assets	679,511	
Current liabilities	(837,958)	
Non-current liabilities	(139,502)	
Net assets	<u>625,822</u>	
Non-controlling interests	<u>\$ 298,050</u>	
	January to May	
	2023	2022
Sales revenue	<u>\$ 888,104</u>	<u>1,986,692</u>
Net income	\$ 31,795	67,758
Other comprehensive income	-	-
Comprehensive income	<u>\$ 31,795</u>	<u>67,758</u>
Profit, attributable to non-controlling interests	<u>\$ 16,397</u>	<u>34,193</u>
Comprehensive income, attributable to non-controlling interests	<u>\$ 16,397</u>	<u>34,193</u>
	2023	2022
Net cash flows from operating activities	\$ 71,681	(102,547)
Net cash flows from investing activities	(10,858)	122,118
Net cash flows from financing activities	(52,858)	17,763
Net increase in cash and cash equivalents	<u>\$ 7,965</u>	<u>37,334</u>
Dividends paid to non-controlling interest	<u>\$ 12,418</u>	<u>12,418</u>

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(m) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	Land	Buildings	Transportation on equipment	Office equipment	Construction in progress	Total
Cost and deemed cost:						
Balance as of January 1, 2023	\$ 581,194	273,959	7,742	18,381	-	881,276
Additions	-	-	-	2,924	-	2,924
Disposals	-	(35,159)	-	(3,971)	-	(39,130)
Balance as of December 31, 2023	\$ 581,194	238,800	7,742	17,334	-	845,070
Balance as of January 1, 2022	\$ 962,918	342,634	21,026	21,980	50,928	1,399,486
Disposal of subsidiaries	-	-	-	(794)	-	(794)
Additions	-	2,159	2,485	6,079	302	11,025
Disposals	-	-	(2,885)	(4,568)	(534)	(7,987)
Reclassification	-	-	-	27	934	961
Reclassification to non current asset held for sale	(381,724)	(70,834)	(12,884)	(4,343)	(51,630)	(521,415)
Balance as of December 31, 2022	\$ 581,194	273,959	7,742	18,381	-	881,276
Depreciation:						
Balance as of January 1, 2023	\$ -	93,114	4,197	10,017	-	107,328
Depreciation	-	6,308	1,290	4,301	-	11,899
Disposals	-	(35,159)	-	(3,971)	-	(39,130)
Balance as of December 31, 2023	\$ -	64,263	5,487	10,347	-	80,097
Balance as of January 1, 2022	\$ -	100,806	11,434	12,815	32,357	157,412
Disposal of subsidiaries	-	-	-	(538)	-	(538)
Depreciation	-	8,523	1,776	4,619	2,048	16,966
Disposals	-	-	(1,624)	(4,452)	(534)	(6,610)
Reclassification to non current asset held for sale	-	(16,215)	(7,389)	(2,427)	(33,871)	(59,902)
Balance as of December 31, 2022	\$ -	93,114	4,197	10,017	-	107,328
Carrying value:						
December 31, 2023	\$ 581,194	174,537	2,255	6,987	-	764,973
December 31, 2022	\$ 581,194	180,845	3,545	8,364	-	773,948
January 1, 2022	\$ 962,918	241,828	9,592	9,165	18,571	1,242,074

As of December 31, 2023 and 2022, the Group's property, plant and equipment were provided as pledged assets for the short-term borrowing facilities; please refer to note 8.

(n) Investment property

	Land	Buildings	Total
Cost or deemed cost:			
Balance at December 31, 2023 (Balance at January 1, 2023)	\$ 408,010	153,360	561,370
Balance at December 31, 2022 (Balance as at January 1, 2022)	\$ 408,010	153,360	561,370

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Depreciation and impairment loss:

Balance at January 1, 2023	\$ -	37,670	37,670
Depreciation	-	2,766	2,766
Balance at December 31, 2023	\$ -	40,436	40,436
Balance at January 1, 2022	\$ -	23,092	23,092
Depreciation	-	2,828	2,828
Impairment loss	-	11,750	11,750
Balance at December 31, 2022	\$ -	37,670	37,670

Carrying value:

Balance at December 31, 2023	\$ 408,010	112,924	520,934
Balance at December 31, 2022	\$ 408,010	115,690	523,700
Balance at January 1, 2022	\$ 408,010	130,268	538,278

Fair value:

Balance at December 31, 2023	\$ 523,700
Balance at December 31, 2022	\$ 523,700
Balance at January 1, 2022	\$ 547,600

Investment property is commercial property that is leased to third parties. Each of the lease agreement contains an initial noncancellable period of 1~5 years. Subsequent renewals are negotiated with the lessee, and no contingent rents are charged. Please refer to note 6(q) for further information.

The Group expected the future economic benefits of the investment property to decrease due to the decline in the store value where the investment property was located. As a result, the recoverable amount of \$523,700 thousand was less than the carrying value, so an impairment loss of \$11,750 thousand was recognized in 2022. The impairment loss was recorded under Other gains and losses. After assessment, no additional impairment loss should be recognized for the year ended December 31, 2023.

The fair value of investment property is based on a valuation by an independent appraiser who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The parameters used in the fair value valuation technique belong to the third level of the hierarchy. The fair value valuation is performed using the income approach.

The investment property of the Group is located at Neihu Dist., Taipei City, Taiwan. The yield rate used for both 2023 and 2022 was 2.22%.

As of December 31, 2023 and 2022, the Group's investment property was pledged as collateral for the short-term borrowing facilities; please refer to note 8.

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DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(o) Intangible assets

The cost, amortization and impairment loss of intangible assets were as follows:

	Industrial capital contribution	Computer software expense	Goodwill	Total
Cost:				
Balance as of January 1, 2023	\$ -	20,679	-	20,679
Addition	-	3,998	-	3,998
Balance as of December 31, 2023	<u>\$ -</u>	<u>24,677</u>	<u>-</u>	<u>24,677</u>
Balance as of January 1, 2022	\$ 62,000	20,806	42,871	125,677
Addition	-	1,769	-	1,769
Reclassification	-	1,033	-	1,033
Reclassification to non current asset held for sale	(62,000)	(2,929)	(42,871)	(107,800)
Balance as of December 31, 2022	<u>\$ -</u>	<u>20,679</u>	<u>-</u>	<u>20,679</u>
Amortization and impairment loss:				
Balance as of January 1, 2023	\$ -	19,142	-	19,142
Amortization	-	3,040	-	3,040
Balance as of December 31, 2023	<u>\$ -</u>	<u>22,182</u>	<u>-</u>	<u>22,182</u>
Balance as of January 1, 2022	\$ 6,717	17,260	-	23,977
Amortization	3,100	2,823	-	5,923
Reclassification to non current asset held for sale	(9,817)	(941)	-	(10,758)
Balance as of December 31, 2022	<u>\$ -</u>	<u>19,142</u>	<u>-</u>	<u>19,142</u>
Carrying amounts:				
December 31, 2023	<u>\$ -</u>	<u>2,495</u>	<u>-</u>	<u>2,495</u>
January 1, 2022	<u>\$ 55,283</u>	<u>3,546</u>	<u>42,871</u>	<u>101,700</u>
December 31, 2022	<u>\$ -</u>	<u>1,537</u>	<u>-</u>	<u>1,537</u>

(i) The amortization of intangible assets were follows:

	2023	2022
Operating expenses	<u>\$ 3,040</u>	<u>1,882</u>

(ii) Impairment Loss

The Group acquired High Performance on December 1, 2020 and recognized a goodwill of \$47,871 thousand. The Group resolved to dispose High Performance in April 2022 and reclassified it to non-current assets held for sale.

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(p) Provisions

	Warranties
January 1, 2023	\$ 145,790
Provisions made during the year	45,767
Provisions used during the year	(12,389)
Provisions reversal during the year	(18,372)
December 31, 2023	<u>\$ 160,796</u>
January 1, 2022	\$ 126,071
Provisions made during the year	48,727
Provisions used during the year	(29,008)
December 31, 2022	<u>\$ 145,790</u>

Provisions were estimated based on the historical data on warranties on merchandise and services, which are mainly associated with the Group's sales of goods and services. The Group expects to incur the liability within the warranty period.

(q) Operating leases

The Group leases out its 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 note 6(n) for the information of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	December 31, 2023	December 31, 2022
Less than one year	\$ 12,115	12,024
One to two years	11,256	2,185
Two to three years	11,256	-
Three to four years	11,256	-
Four to five years	13,132	-
Total undiscounted lease payments	<u>\$ 59,015</u>	<u>14,209</u>

Rental income from investment properties was \$14,310 thousand and \$14,801 thousand for the years ended December 31, 2023 and 2022, respectively.

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(r) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	December 31, 2023	December 31, 2022
The present value of the defined benefit obligations	\$ 120,550	118,192
Fair value of plan assets	(88,060)	(84,089)
The net defined benefit liability	<u>\$ 32,490</u>	<u>34,103</u>

The Group established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labors. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$88,060 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labors.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Group's defined benefit obligation were as follows:

	2023	2022
Defined benefit obligation at January 1	\$ 118,192	124,879
Current service costs	135	307
Current interest	1,477	771
Remeasurements of the net defined benefit liability		
Actuarial profits - Financial assumptions change	-	(3,938)
Actuarial Loss - Experience adjustments	746	809
Benefits paid by the plan	-	(4,636)
Defined benefit obligation at December 31	<u>\$ 120,550</u>	<u>118,192</u>

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Movement of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group were as follows:

	2023	2022
Fair value of plan assets at January 1	\$ 84,089	79,602
Interest revenue	1,065	495
Return on plan assets (Except for the amount included in net interest)	734	6,510
Employer allocates	2,172	2,118
Benefits paid by the plan	-	(4,636)
Fair value of plan assets, December 31	<u>\$ 88,060</u>	<u>84,089</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2023	2022
Current service cost	\$ 135	307
Net interest on the defined benefit liability	412	276
	<u>\$ 547</u>	<u>583</u>

	2023	2022
Operating costs	\$ 342	362
Selling expenses	34	38
Administration expenses	37	41
Research and development expenses	134	142
Total	<u>\$ 547</u>	<u>583</u>

5) Actuarial assumptions

The following were the Group's principal actuarial assumptions at the reporting dates:

	2023.12.31	2022.12.31
Discount rate	1.250%	1.250%
Future salary increases rate	2.500%	2.500%

The Group expects to make contributions of \$2,230 thousand to its defined benefit plans in the following year starting from the reporting date of 2023.

The weighted average duration of the defined benefit plans is 8.0 years.

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

6) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Company uses judgments and estimations to determine the actuarial assumptions, including employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

As of December 31, 2023 and 2022, the present value of defined benefit obligation impact was as follow:

	The impact on defined benefit obligation	
	<u>Increase 0.25%</u>	<u>Decrease 0.25%</u>
December 31, 2023		
Discount rate	\$ (2,336)	2,408
Future salary increase rate	2,338	(2,279)
December 31, 2022		
Discount rate	(2,469)	2,551
Future salary increase rate	2,475	(2,408)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Group allocates 6% of each employee' s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution plan were \$16,770 thousand and \$16,388 thousand for the years ended December 31, 2023 and 2022, respectively. Payments were made to the Bureau of the Labor Insurance.

(iii) Short-term employee benefit liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Compensated absence liabilities	<u>\$ 18,350</u>	<u>17,194</u>

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(s) Income tax

(i) Income tax expenses

The amount of income tax were as follows:

	<u>2023</u>	<u>2022</u>
Current income tax expense		
Current period	\$ 133,587	116,726
Adjustment for prior periods	(1,041)	216
Additional tax on undistributed earnings	4,184	2,947
	<u>136,730</u>	<u>119,889</u>
Deferred tax expense		
Origination and reversal of temporary differences	(1,368)	(2,405)
Adjustments from previous years	-	(105)
Income tax expenses	<u><u>\$ 135,362</u></u>	<u><u>117,379</u></u>

The amount of income tax recognized directly in equity was as follows:

	<u>2023</u>	<u>2022</u>
Partial disposal of the equity in subsidiaries	<u><u>\$ -</u></u>	<u><u>3,812</u></u>

The amount of income tax recognized in other comprehensive income was as follows:

	<u>2023</u>	<u>2022</u>
Remeasurement of defined benefit plans	<u><u>\$ -</u></u>	<u><u>(1,928)</u></u>

Reconciliation of income tax expenses and profit before income tax were as follows:

	<u>2023</u>	<u>2022</u>
Profit before income tax	<u><u>\$ 676,712</u></u>	<u><u>580,226</u></u>
Income tax using the Company's domestic tax rate	\$ 135,342	116,045
Tax exempted income	(2,548)	(2,492)
Adjustments according to tax law	(575)	768
Adjustments for prior years income tax	(1,041)	111
Additional tax on undistributed earnings	4,184	2,947
Total	<u><u>\$ 135,362</u></u>	<u><u>117,379</u></u>

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Deferred tax assets and liabilities — Recognized

Changes in the amount of deferred tax assets were as follows:

Deferred tax assets:

	Defined benefit pension plans	Unpaid leave	Allowance for bad debt	Allowance for inventory valuation	Unrealized exchange loss	Impairment loss	Loss carryforward	Total
Balance at January 1, 2023	\$ 6,952	3,439	1,170	720	-	2,350	-	14,631
Recognized in profit or loss	(325)	231	(32)	(12)	576	(12)	-	426
Balance at December 31, 2023	<u>\$ 6,627</u>	<u>3,670</u>	<u>1,138</u>	<u>708</u>	<u>576</u>	<u>2,338</u>	<u>-</u>	<u>15,057</u>
Balance at January 1, 2022	\$ 8,880	5,637	1,901	2,611	8	-	284	19,321
Recognized in profit or loss	-	103	85	109	(8)	2,350	849	3,488
Recognized in other comprehensive income	(1,928)	-	-	-	-	-	-	(1,928)
Disposal of subsidiaries	-	(62)	-	-	-	-	(1,133)	(1,195)
Reclassification to non current asset held for sale	-	(2,239)	(816)	(2,000)	-	-	-	(5,055)
Balance at December 31, 2022	<u>\$ 6,952</u>	<u>3,439</u>	<u>1,170</u>	<u>720</u>	<u>-</u>	<u>2,350</u>	<u>-</u>	<u>14,631</u>

Deferred tax liabilities:

	Patent obtained from business combination	Plant, property and equipment obtained business combination	Unrealized exchange gain	Total
Balance at January 1, 2023	\$ -	-	942	942
Recognized in profit or loss	-	-	(942)	(942)
Balance at December 31, 2023	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at January 1, 2022	\$ 11,057	12,274	-	23,331
Recognized in profit or loss	(310)	(116)	942	516
Reclassification to non current asset held for sale	(10,747)	(12,158)	-	(22,905)
Balance at December 31, 2022	<u>\$ -</u>	<u>-</u>	<u>942</u>	<u>942</u>

(iii) Examination and Approval

The ROC income tax authorities have examined the Company's income tax returns through 2021.

(t) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the total value of authorized ordinary shares amounted to \$968,000 thousand, with a par value of \$10 per share. both of which amounted to 96,800 thousand shares, with 76,289 thousand shares and 74,335 thousand shares were issued as of December 31, 2023 and 2022, respectively. All issued shares were paid up upon issuance.

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2023 and 2022, the reconciliation of outstanding shares of the Group was as follows (excluding the unvested restricted stock for employees) for:

	Unit: thousand shares	
	2023	2022
Balance at January 1	74,335	70,886
Issuance of restricted stock for employees	2,000	-
Capital increase through appropriation of earnings	-	3,543
Repurchase of restricted stock for employees	(46)	(94)
Balance at December 31	76,289	74,335
Restricted stock for employees	(2,925)	(1,898)
Balance at December 31	<u>73,364</u>	<u>72,437</u>

At the stockholders' meeting on May 31, 2023, the Company decided to issue 2,000 thousand new shares of restricted stock for employees with the par value of \$10 per share, at the price of \$51.25 per share, totaling \$102,500 thousand, it was filed to the competent authority for effective date on October 27, 2023, and the base date was set at November 24, 2023. The company registration was completed on December 21, 2023.

At the stockholders' meeting on June 15, 2022, the Company resolved to increase its capital with earnings of \$35,439 thousand. It was approved by the Financial Supervisory Commission effective on July 29, 2022, and the Board of Directors set September 24, 2022, as the base date during the Board of Directors meeting held on August 9, 2022. The company registration was completed on October 17, 2022.

For the years ended December 31, 2023 and 2022, the Company repurchased 46 thousand shares of restricted stock for employee and 94 thousand shares of restricted stock for employee, respectively, as some of the holders of restricted stock for employees did not meet the vesting criteria. Of the repurchased shares, except for 6 thousand shares that were repurchased during the fourth quarter of 2023, the remaining repurchased shares were approved by the Board of Directors. The company registrations were also completed.

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Share capital	\$ 192,002	152,260
Treasury share transactions	2,466	2,466
Difference between consideration and carrying amount of subsidiaries at disposal	497	497
Change in net equity value of associates using the equity method	-	1,633
Restricted stock for employees	206,632	87,569
	<u>\$ 401,597</u>	<u>244,425</u>

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

In accordance with the ROC Company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and treasury share transactions. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

According to the earnings distribution policy of the Company's Articles of Incorporation, if there is net profit after tax for the current period, the Company should first offset the accumulated loss, appropriate 10% of the remaining amount as legal reserve, unless the accumulated legal reserve has reached the paid-in capital, provide or reverse special earnings in accordance with relevant laws or regulations or as requested by authorities in charge. The remainder, together with the undistributed balance at the beginning of the period (including the adjustment of the undistributed earnings amount), the Board of Directors shall draw up an earnings distribution proposal and submit it to the shareholders' meeting for a resolution the distribution of dividends and bonuses to the shareholders.. The aforementioned distribution by cash shall be authorized by a majority vote of the Board of Directors with at least two thirds of the directors present, and shall be reported to the stockholder' s meeting.

According to the dividend payment policy stipulated in the Company's Articles of Incorporation, in consideration of the current and future development plans, the investment environment, capital requirements, domestic and overseas competition, and the interests of shareholders, no less than 70% of accumulated distributable earnings for the current year shall be paid in dividends. However, when the accumulated distributable earnings are less than 10% of the paid-in capital stock, the distribution is not mandatory. The cash dividend shall not be less than 10% of the total dividend.

1) Legal reserve

According to the Company Act, 10% of net income after tax should be set aside as legal reserve until it is equal to authorized capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with Ruling issued by the Financial Supervisory Commission, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a 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.

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

3) Earnings distribution

The amounts of cash dividends on the 2022 and 2021 earnings distribution were approved during the board meeting on March 9, 2023 and March 10, 2022, and the remaining distributions were decided by the meeting of shareholders on May 31, 2023 and June 15, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share (NT dollars)	Amount	Amount per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 5.0	371,615	4.0	283,516
Stock	-	-	0.5	35,439
Total		<u>\$ 371,615</u>		<u>318,955</u>

On March 7, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings as follows:

	2023	
	Amount per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 5.5	<u>419,570</u>

(iv) Other equities (net of tax)

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Employee unearned compensation	Total
Balance at January 1, 2023	\$ 65,315	(28,101)	37,214
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	21,293	-	21,293
Share-based payment transaction	-	22,103	22,103
Issuance of restricted stock for employees	-	(89,175)	(89,175)
Balance at December 31, 2023	<u>\$ 86,608</u>	<u>(95,173)</u>	<u>(8,565)</u>

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Employee unearned compensation	Total
Balance at January 1, 2022	\$ 108,066	(47,937)	60,129
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(42,751)	-	(42,751)
Share-based payment transaction	-	19,836	19,836
Balance at December 31, 2022	<u>\$ 65,315</u>	<u>(28,101)</u>	<u>37,214</u>

(u) Share-based payment

During the shareholders' meeting of the Company held on May 31, 2023 and the extraordinary shareholders' meeting of the Company held on September 9, 2021, the Company respectively decided to issue 2,000 thousand new shares of restricted stock for employees. The restricted stock for employees was subsequently granted on November 8, 2023 and October 4, 2021, and the fair market value was \$44.59 per share and \$26.45 per share, respectively.

Employees who were rewarded with the above-mentioned restricted stock for employees may acquire such shares at 50% of market price on the date of issuance, and are entitled to 50% of the vested shares after two and four years of service in the Company, respectively, from the date of acquisition.

The restrictions on the restricted stock for employee before the vesting conditions are met after subscription are as follows:

- (i) The employee shall not sell, pledge, transfer, donate, create or otherwise dispose of the new restricted stock for employee.
- (ii) Restricted stock for employees has the right to participate in dividend distribution and current subscription, and such rights are not limited by the vesting period, and the stock dividend will be transferred to the employee's individual account from the trust account free of charge after the issuance date.
- (iii) After the issuance of restricted stock for employee, employees shall immediately deliver them to the trustee or custodian as agreed, and shall not request the return of restricted stock for employees from the trustee or custodian bank for any reason or in any way before the vesting conditions are met.

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

If an employee fails to meet the vesting conditions, the Company will repurchase the restricted stock for employee granted to the employee at the original issue price and subsequently cancel such shares. As of December 31, 2023 and 2022, the Group, based on the expected turnover rate, repurchased the unvested shares amounting to \$16,744 thousand and \$4,803 thousand, respectively, which were recorded under other non-current liabilities. For the years ended December 31, 2023 and 2022, a total of 46 thousand and 94 thousand shares were repurchased due to service termination of employees who did not meet the vesting conditions, and the repurchase price was \$1,384 thousand and \$2,858 thousand, respectively. The Company recognized compensation costs of \$22,103 thousand and \$19,836 thousand for the years ended December 31, 2023 and 2022, respectively, and charged the fair value of cash dividends and stock dividends distributed to employees who might leave the Group during the vesting period as compensation costs amounting to \$730 thousand and \$1,864 thousand, respectively, for the years ended December 31, 2023 and 2022.

	2023	2022
Balance at January 1 (number)	1,898	1,992
Granted during the year (number)	2,000	-
Vested during the year (number)	(927)	-
Forfeited during the year (number)	(46)	(94)
Balance at December 31 (number)	<u>2,925</u>	<u>1,898</u>

(v) Earnings per share

The calculation of the Company's basic and diluted earnings per share were as follows:

(i) Basic earnings per share

	2023		
	Continuing operations	Discontinued operations	Total
Profit/(loss) attributable to ordinary shareholders of the Company	<u>\$ 541,350</u>	<u>66,533</u>	<u>607,883</u>
Weighted average number of ordinary shares	<u>72,660</u>	<u>72,660</u>	<u>72,660</u>
Total basic earnings per share	<u>\$ 7.45</u>	<u>0.92</u>	<u>8.37</u>

	2022		
	Continuing operations	Discontinued operations	Total
Profit attributable to ordinary shareholders of the Company	<u>\$ 463,499</u>	<u>33,565</u>	<u>497,064</u>
Weighted average number of ordinary shares	<u>72,437</u>	<u>72,437</u>	<u>72,437</u>
Total basic earnings per share	<u>\$ 6.40</u>	<u>0.46</u>	<u>6.86</u>

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Diluted earnings per share

	2023		
	Continuing operations	Discontinued operations	Total
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 541,350</u>	<u>66,533</u>	<u>607,883</u>
Weighted average number of ordinary shares (basic)	72,660	72,660	72,660
Effect of dilutive potential ordinary shares			
Restricted stock for employees	1,058	1,058	1,058
Employee compensation	<u>674</u>	<u>674</u>	<u>674</u>
Weighted average number of ordinary shares used for calculation of diluted earnings per share	<u>74,392</u>	<u>74,392</u>	<u>74,392</u>
Total diluted earnings per share	<u>\$ 7.28</u>	<u>0.89</u>	<u>8.17</u>
	2022		
	Continuing operations	Discontinued operations	Total
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 463,499</u>	<u>33,565</u>	<u>497,064</u>
Weighted average number of ordinary shares (basic)	72,437	72,437	72,437
Effect of dilutive potential ordinary shares			
Restricted stock for employees	640	640	640
Employee compensation	<u>853</u>	<u>853</u>	<u>853</u>
Weighted average number of ordinary shares used for calculation of diluted earnings per share	<u>73,930</u>	<u>73,930</u>	<u>73,930</u>
Total diluted earnings per share	<u>\$ 6.27</u>	<u>0.45</u>	<u>6.72</u>

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(w) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Major products/services lines:		
Computer equipment sale revenue	\$ 1,423,871	1,339,496
Service revenue	1,342,503	1,142,963
Lease revenue	-	419
	<u><u>\$ 2,766,374</u></u>	<u><u>2,482,878</u></u>
Timing of revenue recognition		
Products transferred at a point in time	\$ 1,423,871	1,339,496
Services transferred over time	1,342,503	1,143,382
	<u><u>\$ 2,766,374</u></u>	<u><u>2,482,878</u></u>

(ii) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 177	830	1,119
Accounts receivable	122,057	106,068	449,011
Less: allowance for impairment	(2,816)	(2,816)	(11,695)
Total	<u><u>\$ 119,418</u></u>	<u><u>104,082</u></u>	<u><u>438,435</u></u>
Contract assets - Software design service	\$ 278,517	239,492	227,720
Contract assets - Maintenance service	94,368	75,086	74,585
Less: Loss allowance	(2,811)	(2,811)	(3,932)
Total	<u><u>\$ 370,074</u></u>	<u><u>311,767</u></u>	<u><u>298,373</u></u>
Contract liabilities -Hardware trading	\$ 629,947	747,810	764,356
Contract liabilities -Software design service	221,151	248,664	179,536
Contract liabilities -Maintenance service	28,800	35,682	48,926
	-	-	8,946
Total	<u><u>\$ 879,898</u></u>	<u><u>1,032,156</u></u>	<u><u>1,001,764</u></u>

For details on notes, accounts receivable and allowance for impairment, please refer to note 6(e).

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The contract liabilities are mainly due to advance receipts, wherein the Group will recognize revenue when the performance obligations are satisfied. The amount of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$906,838 thousand and \$796,373 thousand, respectively.

(x) Remuneration to employees and directors

In accordance with the Company's Articles of Incorporation,, the profit for the year should be reserved to offset the deficit, then, should contribute no less than 7.5% of the profit as employee remuneration, and less than 3.75% as directors' remuneration.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$62,809 thousand and \$51,999 thousand, and directors' remuneration amounting to \$31,405 thousand and \$25,999 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. Related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2023 and 2022.

(y) Non-operating income and expenses

(i) Interest income

	2023	2022
Interest income from bank deposits	\$ 4,649	657
Other interest income		
Interest income on lease receivable	190	225
Interest income on short-term notes	6,111	928
Other	-	11
Total other interest income	6,301	1,164
Total Interest income	\$ 10,950	1,821

(ii) Other income

	2023	2022
Rental income	\$ 14,310	14,730
Dividend income	12,740	12,461
Others	15,606	21,644
Total other income	\$ 42,656	48,835

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Other gains and losses

	2023	2022
Disposal of subsidiaries	\$ -	2,560
Foreign exchange gains (losses)	(460)	5,725
Gains (losses) on financial assets at fair value through profit or loss	1,287	(3,548)
Impairment loss on investment property	-	(11,750)
Others	-	(61)
Other gains and losses, net	<u>\$ 827</u>	<u>(7,074)</u>

(iv) Finance costs

	2023	2022
Interest on bank loans	\$ 57	241
Interest on lease liabilities	-	3
Finance cost	<u>\$ 57</u>	<u>244</u>

(z) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Most of the Company's customers are domestic financial and insurance institutions, however, transactions are not significantly concentrated with a single customer. In order to reduce the credit risk on the accounts receivable, the Company regularly evaluates the likelihood of accounts receivable recovery and provides an allowance for loss, which is within the expectation of the management. As of December 31, 2023 and 2022, all accounts receivable are from Taiwan.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-5 years	Over 5 years
December 31, 2023					
Non-derivative financial liabilities					
Other payables	\$ 508,169	508,169	508,169	-	-
Dividends payable	321,601	321,601	321,601	-	-
deposits received	3,526	3,526	138	-	3,388
	<u>\$ 833,296</u>	<u>833,296</u>	<u>829,908</u>	<u>-</u>	<u>-</u>

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	Carrying amount	Contractual cash flows	Within a year	1-5 years	Over 5 years
December 31, 2022					
Non-derivative financial liabilities					
Notes payable	\$ 117,596	117,596	117,596	-	-
Accounts payable	167,138	167,138	167,138	-	-
Other payables	278,368	278,368	278,368	-	-
deposits received	3,526	3,526	3,388	138	-
	\$ 566,628	566,628	566,490	138	-

The Group does not expect the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's financial assets and liabilities exposed to significant currency risk was as follows:

	Foreign currency	Exchange rate	NTD
December 31, 2023			
Financial assets:			
Monetary items:			
USD	\$ 3,778	30.7050	116,003
HKD	\$ 977	3.9290	3,837
December 31, 2022			
Financial assets:			
Monetary items:			
USD	\$ 2,767	30.7100	84,981
HKD	\$ 887	3.9380	3,491

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents that are denominated in foreign currency. A weakening or strengthening 1% appreciation or depreciation of the NTD against the USD and HKD as of December 31, 2023 and 2022, would have increased or decreased the net profit after tax by \$959 thousand and \$708 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

Since the Group is affected by foreign currency fluctuation from USD and HKD. For the years ended December 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portion) amounted to \$(460) thousand and \$5,725 thousand.

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure of the interest rate on non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Group's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 1%, the Group's net income before tax would have increase or decrease by \$9,084 thousand and \$3,789 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remain constant. This is mainly due from the Group's cash in bank cash equivalents and restricted time deposits at floating rate.

(v) Information of fair value

1) Categories and fair value of financial instruments

Except as described in the following paragraphs, for financial assets and financial liabilities not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required

December 31, 2023					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Open-end fund	\$ 2,196	2,196	-	-	2,196
Financial assets at fair value through other comprehensive income					
Domestic listed stocks	112,951	112,951	-	-	112,951
Financial assets measured at amortized cost					
Finance lease receivable	3,912	-	3,912	-	3,912
Total	\$ 119,059	115,147	3,912	-	119,059

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

		December 31, 2022				
		Carrying amount	Fair value			
			Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss						
Domestic listed stocks	\$	5,884	5,884	-	-	5,884
Financial assets at fair value through other comprehensive income						
Domestic listed stocks		91,327	91,327	-	-	91,327
Financial assets measured at amortized cost						
Finance lease receivable		2,426	-	2,426	-	2,426
Total	\$	99,637	97,211	2,426	-	99,637

- 2) Valuation techniques for financial instruments measured at fair value — Non-derivative financial instruments

If the quoted prices in active markets are available, the market price is established as the fair value. The market prices amounted by Over the Counter are the benchmarks of the fair value of equity instruments and liability instruments trading in active markets.

- 3) Fair value hierarchy

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs, other than the 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: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

There was no transfers among the different levels of fair value hierarchy.

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(aa) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note has the information on risk exposure and the objectives, policies and process of risk measurement and management. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective note in the accompanying parent company only financial statements.

(ii) Risk management framework

The Group's main financial instruments include equity and debt instrument investment, accounts receivable, accounts payable, borrowings and lease liabilities. The financial management department of the Group provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Group by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risks include market risk (foreign exchange risk, interest rate risk, and other price risk), credit risk, and liquidity risk. The Financial Management Department is required to submit quarterly reports to the Board of Directors of the Group.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, cash in banks and investments securities.

To mitigate credit risk, the Group's management regularly assesses credit limits and other monitoring procedures to ensure appropriate action is taken for overdue receivables. Additionally, the Group reviews the recoverable amount of receivables on the balance sheet date to ensure adequate provision for impairment. The management believes that the Group's credit risk has been significantly reduced.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of the expected cash flows on operating expenses and financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Group has unused short-term bank facilities of \$1,322,130 thousand and \$1,470,000 thousand, as of December 31, 2023 and 2022, respectively.

(v) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate, and equity prices which will affect the Group's income or the value of its holding of financial instrument. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing the return.

The Group did not enter into any derivative contracts, hence did not give rise to financial assets or liabilities.

(ab) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. Capital consists of ordinary shares, capital surplus and retained earnings of the Group. The Board of Directors monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 2,019,459	2,870,158
Less: cash and cash equivalents	1,106,942	473,554
Net debt	<u>\$ 912,517</u>	<u>2,396,604</u>
Total equity	<u>\$ 2,431,048</u>	<u>2,361,174</u>
Debt-to-capital ratio	<u>37.54%</u>	<u>101.50%</u>

As of December 31, 2023, there was no changes in the Group's approach of capital management.

(ac) Investing and financing activities not affecting current cash flow

The Group's non-cash investing and financing activities in 2022 consisted of the acquisition of right-of-use assets through leasing. There were no non-cash investing and financing activities in 2023.

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ad) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			Acquisition right-of-us e assets	Foreign exchange movement	Interest	
Long-term borrowings (including deferred income)	\$ 103,483	33,400	-	(136,883)	-	-
Short-term borrowings	175,276	(65,276)	-	(110,000)	-	-
Deposits received	3,576	104	-	(154)	-	3,526
Short-term commercial paper payable	59,983	(4,551)	-	(55,432)	-	-
Lease liabilities	1,712	(1,685)	798	(194)	(631)	-
Total liabilities from financing activities	<u>\$ 344,030</u>	<u>(38,008)</u>	<u>798</u>	<u>(302,663)</u>	<u>(631)</u>	<u>3,526</u>

(7) Related-party transactions

(a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Company and its subsidiaries

(b) Names and relationship with related parties

In these consolidated financial statements, the related parties having transactions with the Group are listed as below:

<u>Name of related party</u>	<u>Relationship with the Group</u>
Dimwave Fintech Ltd. (Dimwave Fintech)	Associates (On December 30, 2022, changed from a subsidiary to an associated enterprise)
Shi Ying, Lin	Other related party(In June 2023, changed from a related party to a non-related party)
Jun Yen, Jian	Other related party(In June 2023, changed from a related party to a non-related party)
Hong Ming, Chen	Other related party(In June 2023, changed from a related party to a non-related party)

(c) Significant transactions with related parties

(i) Purchases

	<u>2023</u>	<u>2022</u>
Associates :		
Dimwave Fintech	<u>\$ 16,465</u>	<u>-</u>

The purchase price and payment term with related party was not significantly different from normal transactions.

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) Maintenance service

The maintenance service provided by the related party, recorded under operating cost, is as follows:

	2023	2022
Associates :		
Dimwave Fintech	\$ 5,268	-

(iii) Receivables from related parties

Account	Type of related parties	December 31, 2023	December 31, 2022
Accounts receivable	Associates :		
	Dimwave Fintech	\$ -	6

(iv) Payables to related parties

Account	Type of related parties	December 31, 2023	December 31, 2022
Accounts payable	Associates :		
	Dimwave Fintech	\$ 1,681	2,328

(v) Property transaction

1) Disposal of financial assets

Type of related party	Account	2023				2022			
		Number of shares (thousand shares)	Financial assets	Disposal proceeds	Disposal gain (loss)	Number of shares (thousand shares)	Financial assets	Disposal proceeds	Disposal gain (loss)
Other related party	Other non current asset held for sale	3,235	High Performance	\$ 86,913	(5,034)	2,145	High Performance	49,969	-

The transaction price with related parties is determined according to the agreements between both parties, and the disposal gain or loss is calculated based on the Company's average cost of holding investments in High Performance. As the Company partially disposed its shares of High Performance in April 2022, and did not lose the control over the subsidiary, the Group treated it as an equity transaction.

(d) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	2023	2022
Short-term employee benefits	\$ 56,800	49,794
Post-employment benefits	65	172
	\$ 56,865	49,966

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Assets Pledged as security

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Property, plant, and equipment	Bank loan facilities	\$ 749,061	753,392
Non current assets held for sale	Bank loan facilities	-	338,140
Investment property	Bank loan facilities	520,934	523,700
Financial assets at amortized cost	Performance bond	28,889	41,855
		\$ 1,298,884	1,657,087

(9) Commitments and contingencies

(a) Material commitment

As of December 31, 2023 and 2022, the Group issued notes of \$0 thousand and \$615,000 thousand, respectively, as bank financing and purchase security.

(10) Losses due to major disasters: None.

(11) Subsequent events

- (a) On March 7, 2024, the Company's Board of Directors decided to distribute cash from capital surplus, with a dividend of \$0.5 per share, totaling \$38,143 thousand. Please refer to note 6(t) for details on the profit distribution plan of 2023 approved by the board of directors.
- (b) Considering the Company's long-term development, on March 7, 2024, the Company's Board of Directors decided to purchase real estate for operational use and authorized the chairman to handle subsequent signing matters.

(12) Other

- (a) The following is a summary statement of employee benefits, depreciation and amortization expensed by function:

By item	Year ended December 31, 2023			Year ended December 31, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	298,418	337,308	635,726	272,756	306,127	578,883
Labor and health insurance	22,252	15,167	37,419	20,469	15,079	35,548
Pension	10,915	6,402	17,317	10,236	6,735	16,971
Directors' remuneration	-	31,405	31,405	-	25,999	25,999
Others	7,210	7,825	15,035	6,836	8,231	15,067
Depreciation	2,384	9,515	11,899	2,743	11,058	13,801
Amortization	-	3,040	3,040	-	1,882	1,882

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note: Depreciation expenses for investment property recognized under other income and expenses amounted to \$2,766 thousand and \$2,828 thousand for the years ended December 31, 2023 and 2022, respectively.

(b) Discontinued operations

In response to operational development needs, the Company focused on software development and professional services. The Company's Board of Directors resolved on April 7, 2022, to sell its subsidiary, High Performance. The disposal was completed in June 2023.

The operation result and cashflow of the discontinued operation is summarized as follows:

	January, 2023 ~May, 2023	2022
Operation result of the discontinued operation		
Operating revenues	\$ 888,104	1,938,351
Operating costs	(791,118)	(1,723,616)
Gross profit from operations	96,986	214,735
Selling expenses	(40,567)	(94,592)
Administrative expenses	(15,689)	(37,473)
Research and development expenses	(2,020)	(4,521)
Net operating income	38,710	78,149
Interest income	1,732	4,844
Other income	441	8,756
Other gains and losses	658	(918)
Finance costs	(1,796)	(4,470)
Net income before tax	39,745	86,361
Income tax expenses	(7,949)	(18,603)
Operating income from discontinued operation (net of tax)	31,796	67,758
Gain from disposal of discontinued operations	51,134	-
Net income	\$ 82,930	67,758
Basic earnings per share (in New Taiwan dollars)	\$ 0.92	0.46
Diluted earnings per share (in New Taiwan dollars)	\$ 0.89	0.45
Cash provided by (used in) from discontinued operation:		
Net cash provided by (used in) operating activities	\$ 71,681	(102,547)
Net cash provided by (used in) investing activities	(10,858)	112,118
Net cash provided by (used in) financing activities	(52,858)	17,763
Net cash inflow (outflow)	\$ 7,965	27,334

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Maximum investment in 2023	Notes
				Number of shares	Book value	Holding percentage	Market value		
The Company	UPAMC Taiwan High Dividend and Growth Fund	-	Financial assets at fair value through profit or loss	200	2,196	- %	2,196	-	
The Company	Dimerco Express Corporation	-	Financial assets at fair value through other comprehensive income	1,232	101,982	- %	101,982	-	
The Company	E.SUN Financial Holding Company, Ltd.	-	Financial assets at fair value through other comprehensive income	425	10,969	- %	10,969	-	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars/ thousand shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Common share/ High Performance	Non-current assets held for sale	Note 1	Note 1	17,663	176,805	-	-	17,663	381,008	331,507	49,501	-	-

Note 1: Among the disposed shares, of which 3,235 thousand shares were sold to other related parties and 8,428 thousand shares to non-related parties.

Note 2: The gain on disposal included 1,633 thousand transferred from capital surplus - change in net equity value of associates using the equity method.

- (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\$300 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: None.
- (x) Business relationships and significant intercompany transactions:

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction details			
				Account name	Amount	Trading terms	Percentage of the total consolidated revenue or total assets
0	The Company	High Performance	1	Sales	1,063	According to business contract	-%
0	The Company	High Performance	1	Operating cost	250	According to business contract	-%

Note 1: Company numbering is as follows:

- (1) Parent company is 0.
- (2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

- (1) 1 represents downstream transactions.
- (2) 2 represents upstream transactions.

Note 3: The transactions have been eliminated upon consolidation.

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Maximum investment amount in 2023	Net income of investee	Investment income (losses)	Notes
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Book value				
The Company	Dimwave Fintech	Taiwan	Sales of computer hardware equipment and design, development and sales of computer software	5,700	5,700	600	30.00%	7,031	5,700	5,293	1,588	Note 1
The Company	High Performance	Taiwan	sales and lease of information related products	-	176,805	-	- %	-	176,805	31,796	15,398	Note 2

Note 1: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

(c) Information on investment in mainland China: None

(d) Major shareholders:

No shareholders hold more than 5% of the shares.

(14) Segment information

(a) General information

The Group has three reporting segments, namely the hardware department, the software department, and other departments. The hardware department provides services for trading of computer hardware equipment. The software department offers services such as enterprise software design and system maintenance.

The reporting segments of the Group are strategic business units, aimed at providing different products and services. Since each strategic business unit requires different technologies and marketing strategies, they need to be managed separately.

(b) Information on income and loss, assets, liabilities, basis of measurement, and the reconciliation for reportable segments

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes operating profit, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are consistent with those described in note 4 "Significant Accounting Policies".

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

Information on reportable segments and reconciliation for the Group is as follows:

2023				
	Hardware equipment	Software	Other	Total
Total revenue	\$ 2,007,528	729,270	29,576	2,766,374
Reportable segment profit or loss	\$ 416,690	301,482	(97,424)	620,748
Non-operating income and expenses				55,964
Net income before tax				\$ 676,712
Reportable segment assets and liabilities (note)	\$ -	-	-	-
2022				
	Hardware equipment	Software	Other	Total
Total revenue	\$ 1,779,492	672,400	30,986	2,482,878
Reportable segment profit or loss	\$ 347,999	284,678	(95,789)	536,888
Non-operating income and expenses				43,338
Net income before tax				\$ 580,226
Reportable segment assets and liabilities (note)	\$ -	-	-	-

(Continued)

DIMERCO DATA SYSTEM CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Note: As the information on segment assets and liabilities was not provided to the chief operating decision maker, the information on segment assets and liabilities is not disclosed.

(c) Geographic information

The Group operates domestically.

(Continued)

V. CPA audited and attested Financial Statements for the most recent year:

Independent Auditors' Report

To the Board of Directors of Dimerco Data System Corporation:

Opinion

We have audited the parent company only financial statements of Dimerco Data System Corporation(“the Company”), which comprise the balance sheet as of December 31, 2023, the statement of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and its financial performance and its cash flows for the year ended December 31, 2023 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 Financial Statement Audit and Attestation Engagements of 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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the 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.

1. Revenue recognition

Please refer to notes 4(q), 5 and 6(s) for disclosures related to revenue recognition.

Description of the key audit matter:

When the Company is unable to reasonably measure the result of performance obligations of service contracts pertaining to software design which met the criteria to recognize revenue over time, the service revenue is recognized by considering the recoverability of incurred costs. The Company recognizes service revenue within the amount of incurred costs when the incurred costs are likely to be recovered before the acceptance by the client. At the time the work performed is accepted by the client and confirmed by the responsible department, the service revenue for the period is recognized based on the difference between the total contract price and the accumulated recognized service revenue. As the timing of service revenue recognition is affected by the accuracy of the audit conducted by the responsible department, thus, the service revenue recognition in the aforementioned manner is considered to be a key audit matter.

How the matter was addressed in our audit:

The key audit procedures performed are to understand and test whether the internal controls of the sales and collection cycle are properly implemented; to obtain the details of software development service contracts, to verify the contract price and randomly check the consistency between the incurred costs and the supporting documents; as well as to select sales transactions upon the acceptance of software development from a period of time before and after the reporting date to determine whether the revenue is recognized in the correct period.

Other Matter

The parent company only financial statements of Dimerco Data System Corporation for the year ended December 31, 2022, were audited by another auditor who expressed an unmodified opinion on those statements on March 9, 2023.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of 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 audit committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 this 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 auditor's 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 Huang, Po-Shu and Wu, Chung-Shun.

KPMG

Taipei, Taiwan (Republic of China)
March 7, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the 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 independent 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 independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DIMERCO DATA SYSTEM CORPORATION

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022				December 31, 2023		December 31, 2022	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 1,106,942	25	473,554	12	2130	Current contract liabilities (note 6(s))	879,898	20	1,032,156	26
1110	Financial assets at fair value through profit or loss - current (note 6(b))	2,196	-	5,884	-	2150	Notes payable	-	-	117,596	3
1120	Financial assets at fair value through other comprehensive income - current (note 6(c))	112,951	3	91,327	2	2170	Accounts payable (note 7)	508,169	11	167,435	4
1136	Current financial assets at amortized cost, net (notes 6(d) and 8)	28,889	1	118,630	3	2200	Other payables (notes 6(n) and (t))	321,601	7	278,368	7
1140	Contract assets - current (note 6(s))	370,074	8	311,767	8	2230	Current tax liabilities	76,635	2	78,468	2
1150	Notes receivable (notes 6(e) and (s))	177	-	830	-	2250	Provisions — current (note 6(l))	160,796	4	145,790	4
1172	Accounts receivable (notes 6(e), (s) and 7)	119,241	3	104,268	3	2300	Other current liabilities	19,600	-	30,824	1
1197	Finance lease receivable (note 6(f))	2,686	-	1,306	-		Total current liabilities	1,966,699	44	1,850,637	47
130x	Inventories (note 6(g))	1,122,546	25	942,599	24	25xx	Non-Current liabilities:				
1410	Prepayments	28,580	1	41,077	1	2570	Deferred tax liabilities (note 6(o))	-	-	942	-
1460	Non-current assets held for sale, net (note 6(h))	-	-	327,772	8	2640	Net defined benefit liabilities - non-current (note 6(n))	32,490	1	34,103	1
1478	Refundable deposits (note 8)	242,701	5	217,608	6	2670	Other non-current liabilities	20,270	-	8,329	-
1479	Other current assets	1,803	-	129	-		Total non-current liabilities	52,760	1	43,374	1
	Total current assets	3,138,786	71	2,636,751	67	2xxx	Total liabilities	2,019,459	45	1,894,011	48
15xx	Non-current assets:						Equity (notes 6(p) and (q)):				
1550	Investments accounted for under equity method (note 6(i))	7,031	-	5,443	-	3110	Ordinary shares	762,895	17	743,350	19
1600	Property, plant and equipment (notes 6(j) and 8)	764,973	17	773,948	20	3200	Capital surplus	401,597	9	244,425	6
1760	Investment property, net (notes 6(k) and 8)	520,934	12	523,700	13	3300	Retained earnings:				
1821	Intangible assets, net	2,495	-	1,537	-	3310	Legal reserve	391,744	9	341,156	9
1840	Deferred income tax assets (note 6(o))	15,057	-	14,631	-	3320	Special reserve	2,335	-	2,335	-
1920	Refundable deposits	5	-	5	-	3350	Retained earnings	881,042	20	694,644	17
194D	Long-term finance lease receivable (note 6(f))	1,226	-	1,120	-			1,275,121	29	1,038,135	26
	Total non-current assets	1,311,721	29	1,320,384	33	3400	Other equity interest:				
						3420	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	86,608	2	65,315	2
						3491	Other equity, unearned compensation	(95,173)	(2)	(28,101)	(1)
								(8,565)	-	37,214	1
							Total equity attributable to shareholders of the company	2,431,048	55	2,063,124	52
1xxx	Total assets	\$ 4,450,507	100	3,957,135	100	3xxx	Total equity	2,431,048	55	2,063,124	52
						2-3xxx	Total liabilities and equity	\$ 4,450,507	100	3,957,135	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DIMERCO DATA SYSTEM CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenues (notes 6(s) and 7)	\$ 2,766,374	100	2,477,978	100
5000	Operating costs (notes 6(g), (j), (l), (n), (q), (t) and 7)	1,667,168	60	1,507,978	61
5900	Gross profit from operations	1,099,206	40	970,000	39
6000	Operating expenses (notes 6(j), (n), (q) and (t)):				
6100	Selling expenses	102,432	4	82,330	3
6200	Administrative expenses	190,496	7	175,960	7
6300	Research and development expenses	185,529	7	170,740	7
	Total operating expenses	478,457	18	429,030	17
6900	Net operating income	620,749	22	540,970	22
7000	Non-operating income and expenses (notes 6(c), (f), (i), (k), (l), (m) and (u)):				
7100	Interest income	10,950	-	1,800	-
7010	Other income	42,656	2	48,906	2
7020	Other gains and losses	827	-	(7,074)	-
7050	Finance costs	(57)	-	(244)	-
7070	Share of profit (loss) from the subsidiaries and the associates	1,588	-	(2,606)	-
	Total non-operating income and expenses	55,964	2	40,782	2
7900	Net income before tax	676,713	24	581,752	24
7950	Less: Income tax expenses (note 6(o))	135,362	4	118,253	5
	Profit (loss) from continuing operations	541,351	20	463,499	19
	Profit (loss) from discontinued operations:				
8100	Profit (loss) from discontinued operations, net of tax (notes 6(h) and 7)	66,532	2	33,565	1
	Net income	607,883	22	497,064	20
8300	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss (notes 6(n), (o) and (p)):				
8311	Gain (losses) on remeasurements of defined benefit plans	(12)	-	9,639	1
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	21,293	1	(42,751)	(2)
8349	Less: income tax related to items that will not be reclassified to profit or loss	-	-	1,928	-
8300	Other comprehensive income (loss), net of tax	21,281	1	(35,040)	(1)
8500	Total comprehensive income	\$ 629,164	23	462,024	19
	Earnings per share (note 6(r)):				
9710	Basic earnings per share from continuing operations	\$ 7.45		6.40	
9720	Basic earnings per share from discontinued operations	0.92		0.46	
	Total basic earnings per share	\$ 8.37		6.86	
9810	Diluted earnings per share from continuing operations	\$ 7.28		6.27	
9820	Diluted earnings per share from discontinued operations	0.89		0.45	
	Total diluted earnings per share	\$ 8.17		6.72	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DIMERCO DATA SYSTEM CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Unearned compensation	Total other equity interest	Total equity
Balance at January 1, 2022	\$ 708,851	242,231	299,168	2,335	549,705	851,208	108,066	(47,937)	60,129	1,862,419
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	41,988	-	(41,988)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(283,516)	(283,516)	-	-	-	(283,516)
Stock dividends of ordinary share	35,439	-	-	-	(35,439)	(35,439)	-	-	-	-
Net income	-	-	-	-	497,064	497,064	-	-	-	497,064
Other comprehensive income	-	-	-	-	7,711	7,711	(42,751)	-	(42,751)	(35,040)
Total comprehensive income	-	-	-	-	504,775	504,775	(42,751)	-	(42,751)	462,024
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	497	-	-	-	-	-	-	-	497
Remuneration costs of restricted stock for employees	-	757	-	-	1,107	1,107	-	19,836	19,836	21,700
Cancellation of restricted stock for employees	(940)	940	-	-	-	-	-	-	-	-
Balance at December 31, 2022	743,350	244,425	341,156	2,335	694,644	1,038,135	65,315	(28,101)	37,214	2,063,124
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	50,588	-	(50,588)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(371,615)	(371,615)	-	-	-	(371,615)
Net income	-	-	-	-	607,883	607,883	-	-	-	607,883
Other comprehensive income	-	-	-	-	(12)	(12)	21,293	-	21,293	21,281
Total comprehensive income	-	-	-	-	607,871	607,871	21,293	-	21,293	629,164
Disposal of subsidiaries or investments accounted for using equity method	-	(1,633)	-	-	-	-	-	-	-	(1,633)
Share-based payments	20,000	158,350	-	-	-	-	-	(89,175)	(89,175)	89,175
Remuneration costs of restricted stock for employees	-	-	-	-	730	730	-	22,103	22,103	22,833
Cancellation of restricted stock for employees	(455)	455	-	-	-	-	-	-	-	-
Balance at December 31, 2023	\$ 762,895	401,597	391,744	2,335	881,042	1,275,121	86,608	(95,173)	(8,565)	2,431,048

See accompanying notes to parent company only financial statements.

DIMERCO DATA SYSTEM CORPORATION**Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	2023	2022
Cash flows from operating activities:		
Profit from continuing operations before tax	\$ 676,713	581,752
Profit from discontinued operations before tax	66,532	33,565
Net income before tax	743,245	615,317
Adjustments:		
Adjustments to reconcile profit or loss:		
Depreciation	14,665	16,549
Amortization	3,040	1,882
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(1,287)	3,548
Interest expense	57	244
Interest income	(10,950)	(1,800)
Dividend income	(12,740)	(12,461)
Share-based payments	22,833	21,700
Share of loss of associates accounted for under equity method	(16,986)	(30,959)
Gain on disposal of investments accounted for using equity method	(51,134)	(2,560)
Impairment loss on investment property	-	11,750
Others	-	44,639
Total adjustments to reconcile profit	(52,502)	52,532
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Contract assets	(58,307)	(36,654)
Notes receivable	653	(489)
Accounts receivable	(14,973)	19,517
Inventories	(179,947)	(54,834)
Prepayments	12,497	(1,882)
Other current assets	(1,674)	222
Total changes in operating assets, net	(241,751)	(74,120)
Net changes in operating liabilities:		
Contract liabilities	(152,258)	132,907
Notes payable	(117,596)	117,596
Accounts payable	340,734	56,181
Other payables	43,233	38,008
Provisions	15,006	(29,008)
Other current liabilities	(11,224)	8,398
Net defined benefit liability	(1,625)	(1,535)
Total changes in operating liabilities, net	116,270	322,547
Total changes in operating assets / liabilities, net	(125,481)	248,427
Total adjustments	(177,983)	300,959
Cash provided by operating activities	565,262	916,276
Interest income received	10,950	1,800
Payments of interest	(57)	(244)
Income tax paid	(138,563)	(107,374)
Net cash provided by operating activities	437,592	810,458
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(331)	-
Acquisition of financial assets at amortized cost	-	(87,684)
Proceeds from disposal of financial assets at amortized cost	89,741	53,691
Acquisition of financial assets designated at fair value through profit or loss	(2,000)	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	6,975	-
Proceeds from disposal of subsidiaries	381,008	9,073
Acquisition of property, plant and equipment	(2,924)	(7,948)
Increase in refundable deposits	(25,093)	(22,486)
Acquisition of intangible assets	(3,998)	(1,438)
Decrease in long-term finance lease receivables	(1,486)	5,468
Dividends received	24,403	24,124
Net cash provided by (used in) investing activities	466,295	(27,200)
Cash flows from financing activities:		
Decrease in short-term loans	-	(130,000)
Payment of lease liabilities	-	(335)
Cash dividends paid	(371,615)	(283,516)
Proceeds from restricted stock for employees	102,500	-
Disposal of ownership interests in subsidiaries (without losing control)	-	79,002
Cancellation of restricted stock for employees	(1,384)	(2,858)
Net cash used in financing activities	(270,499)	(337,707)
Net increase in cash and cash equivalents	633,388	445,551
Cash and cash equivalents at beginning of period	473,554	28,003
Cash and cash equivalents at end of period	\$ 1,106,942	473,554

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

DIMERCO DATA SYSTEM CORPORATION (the Company) was incorporated in November 1981 as a company limited by shares under the laws of the Republic of China (ROC). The Company is registered at 8th Floor, No. 151, Xing' ai Rd., Neihu Dist., Taipei City, Taiwan. The Company is mainly engaged in the design, development and sales of various computer software, the agency and sales of computer hardware equipment, computer data processing services, computer information consulting business and computer leasing, etc.

The Company was approved as a listed company by the Securities and Futures Regulatory Commission of the Ministry of Finance on August 16, 1999, and officially listed for trading on October 15, 1999.

(2) Approval date and procedures of the financial statements

The parent company only financial statements were approved by the Board of Directors and published on March 7, 2024.

(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 financial statements, from January 1, 2023:

- 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"

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules"

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

- (b) The impact of IFRS 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, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its 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”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material policies

The significant accounting policies presented in the parent company only financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

- (a) Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations").

- (b) Basis of preparation

- (i) Basis of measurement

The parent company only financial statements have been prepared on a historical cost basis, unless otherwise stated (Refer to the summary on significant accounting policies).

- (ii) Functional and reporting currency

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

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(c) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, 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 that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(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 is expected to be realized, or intended to be sold or consumed, in the 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 period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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 the 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 period; 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 demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in 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)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(f) Financial instruments

Trade receivables 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. A trade 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 basis.

On initial recognition, a financial asset is classified as measured at: amortized cost fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequently 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 at FVTPL:

- 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.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; 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.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, 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 interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, long-term financial lease receivable, and refundable deposit).

The Company measures loss allowances at an amount equal to lifetime expected credit loss (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 trade receivables are always measured at an amount equal to lifetime ECL.

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.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

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

12-month ECLs are the portion of ECLs 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 ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company considers a financial asset to be in default when the financial asset is more than 1 years past due or the borrower is unlikely to pay its credit obligations to the Company in full.

ECLs are a probability-weighted estimate of credit losses. 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). ECLs are discounted at the effective interest rate of the financial asset.

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 90 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 probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security 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 (either partially or in full) 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.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Financial liabilities

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 obligations are discharged or cancelled, or expire. 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.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished 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.

(g) Inventories

Inventories are measured at the lower of cost or net realizable value. The cost of inventories consists of all necessary costs incurred in bringing the inventories to a condition and location ready for sale or production and is calculated using the weighted average method.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

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 held for sale and discontinued operations

(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Company's accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Company's accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

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.

(ii) Discontinued operations

A discontinued operation is a component of the Company's business that either has been disposed, or is classified as held for sale, and

- 1) represents a separate major line of business or geographic area of operations;
- 2) is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- 3) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

(i) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint 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.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

The parent company only financial statements 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. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses equals or exceeds its interests in an associate, it discontinues recognizing 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.

(j) Investment in subsidiaries

When preparing the parent company only financial statements, the investments in subsidiaries which are controlled by the Company are accounted using the equity method. Under the equity method, the net income, other comprehensive income, and equity in the parent company only financial statements are equivalent to those attributable to the shareholders of the parent company in the parent company only financial statements.

Changes in the Company's ownership interest in subsidiaries that do not result in loss of control are accounted for as equity transactions.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, 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 cost

Subsequent expenditure is capitalized only if 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 an asset less its residual value 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.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	5~55 years
Transportation equipment	5 years
Office equipment	3 years

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

(l) Investment property

Investment property is 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 life, 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.

(m) Intangible assets

The Company's intangible assets are primarily outsourced software. Amortization is measured at cost less accumulated amortization and any accumulated impairment losses, and is recognized in profit or loss on a straight-line basis over the estimated useful lives (1~3 years) of intangible assets from the date that they are available for use.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as changes in accounting estimates.

(n) 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.

(i) As a lessee

When the Company is the lessee, 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.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

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 using the 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, 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;
- 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 for purchase or termination options that are reasonably certain to be exercised.

The lease liability is 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 lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

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 or 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 in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents its right-of-use assets that do not meet the definition of investment and its lease liabilities as a separate line item respectively in the statement of financial position.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

The Company has elected not to recognize the right-of-use assets and lease liabilities for its short-term leases that have a lease term of 12 months or less and leases of low-value assets, including its office equipment. 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 lessor

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.

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

The lessor 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 lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of rental income.

(o) Impairment of non-financial assets

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

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 CGUs.

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 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)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(p) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(q) Revenue

Revenue is measured based 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 accounting policies for the Company's main types of revenue are explained below.

(i) Sale of goods

The Company sells and purchases computer hardware equipment and recognizes revenue when control of the products has been transferred. The control of the products has been transferred when the products are delivered to the customer, the Company is no longer engaged in the management of the products and does not maintain effective control over the products, and the customer accepts the products according to the sales contract or there is objective evidence that all acceptance terms have been met.

At the time of sale, the Company renders the standard warranty stated in the agreement, which is recognized as a provision for warranty liabilities.

A receivable is recognized when the goods are delivered, as this is the point in time that the Company has the unconditional right to receive the consideration.

(i) Services

The Company provides software design, system maintenance, installation and integration services, and recognizes revenue in the accounting period in which the services are rendered. For the performance obligations gradually met over time, the revenue is recognized based on the proportion of actual services provided to the total services to be provided as of the reporting date, which is determined by the actual number of labor hours relative to the expected total number of hours. However, if the Company cannot reasonably measure the result of the performance obligation, but the Company expects to recover the incurred cost of meeting the performance obligation, in such cases, the Company only recognizes the revenue within the scope of the incurred cost before reasonably measuring the result of the performance obligation.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

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 management.

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

(r) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

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 Company, 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.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company can reclassify the amounts recognized in other comprehensive income to retained earnings.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service 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)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(iii) Short-term employee benefits

Short-term employee benefits 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.

(s) Share-based payment

Restricted stock for employees is based on the fair value of equity instruments on grant day and the best estimate of the number of shares expected to be vested. The expenses are recognized on a straight-line basis over the vesting period, and other equity is adjusted at the same time (Unearned compensation of employees). If vested at grant date, the expense is recognized in full at the same date. When the Company issues the restricted stock for employees, the date on which the number of shares subscribed by employees is confirmed shall be the grant date.

When the Company issues restricted stock for employees, it shall recognize other equity (Unearned compensation of employees) on the grant date, and adjust the capital reserve - restricted stock for employees. If the restricted stock for employees is issued for compensation, and it is agreed that the price shall be returned when the employee leaves the Company, the relevant receivable shall be recognized. If the employee leaves the Company within the vesting period and does not need to return the dividends received, the expenses shall be recognized when the dividend is declared and the retained earnings and capital reserves - restricted stock for employees shall be adjusted at the same time.

The Company revises on each balance sheet date the estimated number of vested restricted stock for employees. If the original estimate is revised, the effect is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to the capital reserve - restricted stock for employees.

(t) Income tax

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

Current taxes include tax payables or receivables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities at reporting date and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.
- (iii) Initial recognition of goodwill.

Deferred income taxes are measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) The taxing of deferred income tax assets and liabilities fulfill one of the below scenarios:
 - 1) levied by the same taxing authority; or
 - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred income tax asset should be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Such deferred tax assets shall also be reevaluated at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(u) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The number of share outstanding is decreased when the Company repurchases treasury stock. The weighted average number of common shares outstanding is adjusted retroactively for the increase in common shares outstanding from stock issuance arising from the capitalization of retained earnings, or additional paid in capital.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

Dilutive potential ordinary shares comprise restricted stock for employees as well as employee compensation not yet approved by the Board of Directors. The calculation of diluted earnings per share is based 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.

When computing diluted earnings per share with regards to employee bonuses in the form of stock, the closing price at the balance sheet date is used as the basis of computation in the number of shares to be issued. When computing diluted earnings per share prior to the following year's Board of Directors the effect of dilution from these potential stocks is taken into consideration.

(v) Operating segments

The Company has disclosed information about operating segments in its consolidated financial statements. Hence no further information is disclosed in the parent company only financial statements.

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

The preparation of the parent company only financial statements to make 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.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

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

Revenue recognition of software design

When the Company cannot reliably estimate the result of a software design service contract, contract revenue is recognized only to the extent that contract costs incurred are expected to be recovered, and contract costs are recognized as expenses in the period in which they are incurred. If the total contract cost is likely to exceed the total contract revenue, all anticipated losses are immediately recognized as expenses. Because the results of the contract cannot be reliably estimated, the revenue calculation may vary from each period.

There are no major assumptions and estimation uncertainties that might have a significant risk of resulting in a material adjustment within the next financial year.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 55	45
Checks and demand deposits in banks	56,139	153,951
Time deposits	107,468	-
Cash equivalent	943,280	319,558
Cash and cash equivalents per statements of cash flow	<u><u>\$ 1,106,942</u></u>	<u><u>473,554</u></u>

Time deposits with the maturity date within 3 months that are held for the purpose of meeting short-term cash commitments rather than for investment, are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value are classified under cash and cash equivalent.

Please refer to note 6(v) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Company.

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

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Domestic listed stocks	\$ -	5,884
Open-end fund	2,196	-
Total	<u><u>\$ 2,196</u></u>	<u><u>5,884</u></u>

Please refer to note 6(u) for the gains or losses on financial assets and liabilities remeasured at fair value through profit or loss.

As of December 31, 2023 and 2022, the Company did not provide the financial assets as collateral.

(c) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income:		
Domestic listed stock	<u><u>\$ 112,951</u></u>	<u><u>91,327</u></u>

(i) Equity investments at fair value through other comprehensive income

The Company designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Company intends to hold for long-term for strategic purposes.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022, the dividends of \$12,641 thousand and \$12,211 thousand, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized.

No equity investments were disposed for the years ended December 31, 2023 and 2022, and there were no transfers of any cumulative gain or loss related to these investments within equity.

(ii) For credit risk and market risk, please refer to note 6(v).

(iii) The Company did not provide the financial assets as collateral.

(d) Financial assets measured at amortized cost

	December 31, 2023	December 31, 2022
Time deposits	<u>\$ 28,889</u>	<u>118,630</u>
Interest rate (%)	<u>1.16%</u>	<u>0.37%-5.00%</u>

(i) The Company has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

(ii) For credit risk, please refer to note 6(v) °

(iii) The Company's financial assets measured at amortized cost were pledged as collateral, please refer to note 8.

(e) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 177	830
Accounts receivable	122,057	107,084
Less: allowance for impairment	<u>2,816</u>	<u>2,816</u>
	<u>\$ 119,418</u>	<u>105,098</u>

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected credit loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward-looking information, including macroeconomic and relevant industry information. The expected credit losses were determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 106,439	-	-
1 to 30 days past due	10,072	-	-
31 to 60 days past due	5,090	-	-
Past due over 120 days	633	100%	633
	<u>\$ 122,234</u>		<u>633</u>

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 97,559	-	-
1 to 30 days past due	9,946	-	-
31 to 60 days past due	154	-	-
61 to 90 days past due	54	-	-
91 to 120 days past due	198	40%	79
Past due over 120 days	3	100%	3
	<u>\$ 107,914</u>		<u>82</u>

The movement in the allowance for accounts receivable was as follows:

	2023	2022
Balance at end of the period (balance at beginning of the period)	<u>\$ 2,816</u>	<u>2,816</u>

The Company does not hold any collateral for the collected amounts.

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(f) Finance lease receivable

A maturity analysis of lease payments, which reflects the undiscounted lease payments to be received after the reporting date, is as follows:

	December 31, 2023	December 31, 2022
Less than one year	\$ 2,813	1,364
One to two years	1,257	1,136
Total finance lease receivable	4,070	2,500
Unearned finance income	(158)	(74)
Present value of finance lease receivable	<u>\$ 3,912</u>	<u>2,426</u>
Current	<u>\$ 2,686</u>	<u>1,306</u>
Non-current	<u>\$ 1,226</u>	<u>1,120</u>

During the lease term, the implied interest rate of the lease is determined on the contract date and does not change. As of December 31, 2023 and 2022, the implied interest rate of finance lease is 3.14%~5.00% per annum and 3.14%~6.00% per annum, respectively.

The loss allowance of finance lease receivable should be measured according to the expected credit loss during its existence. By the reporting date, there was no overdue and uncollected finance lease receivable. In addition, considering the counterparty's past default record and the future development of the leasing target industry, the Company believed that the above finance lease receivable had not been impaired.

(g) Inventories

The components of the Company's inventories were as follows:

	December 31, 2023	December 31, 2022
Merchandise inventory	<u>\$ 1,122,546</u>	<u>942,599</u>

The Company's inventories were not provided as pledged assets.

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

	2023	2022
Loss on decline in market value of inventory (gain from recovery of market value of inventory)	<u>\$ (58)</u>	<u>544</u>

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(h) Non-current assets held for sale

The Board of Directors of the Company has decided on April 7, 2022, to sell all the shares of High Performance Information Co. Ltd., a subsidiary of the Company, at a price ranging from \$21 to \$28 per share. Subsequently, 3,332 thousand shares were sold for \$79,002 thousand in April 2022. After the sale, the Company's shareholding ratio was reduced from 62.27% to 48.43%, and the Company was still the single largest legal shareholder with controlling power. As the Company expects to complete the disposal process within 12 months, all investments in the subsidiary are reclassified as non-current assets held for sale. For the years ended December 31, 2023 and 2022, the share of profit or loss of the subsidiary recognized using the equity method were \$15,398 thousand and \$33,565 thousand, respectively, which were recognized under the profit or loss from the discontinued operation. The Company disposed of the remaining shares of the subsidiary for \$381,008 thousand in June 2023 and recognized a gain on disposal of investments of \$51,134 thousand under the profit or loss from the discontinued operation. Please refer to the consolidated financial statements for the year ended December 31, 2023 for further information on the Company's disposal of High Performance Information Co. Ltd.

(i) Investments accounted for under the equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Subsidiary	\$ -	-
Associates	7,031	5,443
	<u>\$ 7,031</u>	<u>5,443</u>

(i) Subsidiary

Please refer to the consolidated financial statements for the year ended December 31, 2023.

(ii) Associates

The Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	<u>\$ 7,031</u>	<u>5,443</u>
Attributable to the Company:		
Profit from continuing operations	\$ 1,588	-
Other comprehensive income	-	-
Total comprehensive income	<u>\$ 1,588</u>	<u>-</u>

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

The Company disposed of 1,000 thousand shares of Dimwave Fintech Ltd. on December 30, 2022. As a result, its shareholding in the company was reduced from 80% to 30% and hence lost its control. Therefore, the company has been listed as an associate from December 30, 2022. Please refer to the consolidated financial statements for the year ended December 31, 2023 for further information on the Company's disposal of Dimwave Fintech Ltd.

(iii) Collateral

As of December 31, 2023 and 2022, the Company did not provide any investment accounted for using the equity method as collaterals.

(j) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

	Land	Buildings	Transportation equipment	Office equipment	Total
Cost and deemed cost:					
Balance as of January 1, 2023	\$ 581,194	273,959	7,742	18,381	881,276
Additions	-	-	-	2,924	2,924
Disposals	-	(35,159)	-	(3,971)	(39,130)
Balance as of December 31, 2023	<u>\$ 581,194</u>	<u>238,800</u>	<u>7,742</u>	<u>17,334</u>	<u>845,070</u>
Balance as of January 1, 2022	\$ 581,194	271,799	7,742	16,922	877,657
Additions	-	2,160	-	5,788	7,948
Disposals	-	-	-	(4,329)	(4,329)
Balance as of December 31, 2022	<u>\$ 581,194</u>	<u>273,959</u>	<u>7,742</u>	<u>18,381</u>	<u>881,276</u>
Depreciation:					
Balance as of January 1, 2023	\$ -	93,114	4,197	10,017	107,328
Depreciation	-	6,308	1,290	4,301	11,899
Disposals	-	(35,159)	-	(3,971)	(39,130)
Balance as of December 31, 2023	<u>\$ -</u>	<u>64,263</u>	<u>5,487</u>	<u>10,347</u>	<u>80,097</u>
Balance as of January 1, 2022	\$ -	85,240	3,038	9,989	98,267
Depreciation	-	7,874	1,159	4,357	13,390
Disposals	-	-	-	(4,329)	(4,329)
Balance as of December 31, 2022	<u>\$ -</u>	<u>93,114</u>	<u>4,197</u>	<u>10,017</u>	<u>107,328</u>
Carrying value:					
December 31, 2023	<u>\$ 581,194</u>	<u>174,537</u>	<u>2,255</u>	<u>6,987</u>	<u>764,973</u>
December 31, 2022	<u>\$ 581,194</u>	<u>180,845</u>	<u>3,545</u>	<u>8,364</u>	<u>773,948</u>
January 1, 2022	<u>\$ 581,194</u>	<u>186,559</u>	<u>4,704</u>	<u>6,933</u>	<u>779,390</u>

As of December 31, 2023 and 2022, the Company's property, plant and equipment were provided as pledged assets for the short term borrowing facilities; please refer to note 8.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(k) Investment property

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost or deemed cost:			
Balance at December 31, 2023 (Balance at January 1, 2023)	<u>\$ 408,010</u>	<u>153,360</u>	<u>561,370</u>
Balance at December 31, 2022 (Balance as at January 1, 2022)	<u>\$ 408,010</u>	<u>153,360</u>	<u>561,370</u>
Depreciation and impairment loss:			
Balance at January 1, 2023	\$ -	37,670	37,670
Depreciation	-	2,766	2,766
Balance at December 31, 2023	<u>\$ -</u>	<u>40,436</u>	<u>40,436</u>
Balance at January 1, 2022	\$ -	23,092	23,092
Depreciation	-	2,828	2,828
Impairment loss	-	11,750	11,750
Balance at December 31, 2022	<u>\$ -</u>	<u>37,670</u>	<u>37,670</u>
Carrying value:			
Balance at December 31, 2023	<u>\$ 408,010</u>	<u>112,924</u>	<u>520,934</u>
Balance at December 31, 2022	<u>\$ 408,010</u>	<u>115,690</u>	<u>523,700</u>
Balance at January 1, 2022	<u>\$ 408,010</u>	<u>130,268</u>	<u>538,278</u>
Fair value:			
Balance at December 31, 2023			<u>\$ 523,700</u>
Balance at December 31, 2022			<u>\$ 523,700</u>
Balance at January 1, 2022			<u>\$ 547,600</u>

Investment property is commercial property that is leased to third parties. Each of the lease agreement contains an initial noncancellable period of 1~5 years. Subsequent renewals are negotiated with the lessee, and no contingent rents are charged. Please refer to note 6(m) for further information.

The Company expected the future economic benefits of the investment property to decrease due to the decline in the store value where the investment property was located. As a result, the recoverable amount of \$523,700 thousand was less than the carrying value, so an impairment loss of \$11,750 thousand was recognized in 2022. The impairment loss was recorded under other gains and losses. After assessment, no additional impairment loss should be recognized for the year ended December 31, 2023.

The fair value of investment property is based on a valuation by an independent appraiser who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The parameters used in the fair value valuation technique belong to the third level of the hierarchy. The fair value valuation is performed using the income approach.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

The investment property of the Company is located at Neihu Dist., Taipei City, Taiwan. The yield rate used for both 2023 and 2022 was 2.22%.

As of December 31, 2023 and 2022, the Company's investment property was pledged as collateral for the short-term borrowing facilities; please refer to note 8.

(l) Provisions

	Warranties
January 1, 2023	\$ 145,790
Provisions made during the year	45,767
Provisions used during the year	(12,389)
Provisions reversal during the year	<u>(18,372)</u>
December 31, 2023	<u>\$ 160,796</u>
January 1, 2022	\$ 126,071
Provisions made during the year	48,727
Provisions used during the year	<u>(29,008)</u>
December 31, 2022	<u>\$ 145,790</u>

Provisions were estimated based on the historical data on warranties on merchandise and services, which are mainly associated with the Company's sales of goods and services. The Company expects to incur the liability within the warranty period.

(m) Operating leases

The Company leases out its investment property. 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 note 6(k) for the information of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	December 31, 2023	December 31, 2022
Less than one year	\$ 12,115	12,024
One to two years	11,256	2,185
Two to three years	11,256	-
Three to four years	11,256	-
Four to five years	<u>13,132</u>	<u>-</u>
Total undiscounted lease payments	<u>\$ 59,015</u>	<u>14,209</u>

Rental income from investment properties was \$14,310 thousand and \$14,801 thousand for the years ended December 31, 2023 and 2022, respectively.

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(n) Employee benefits

(i) Defined benefit plans

The following table shows a reconciliation between the present value of the defined benefit obligation and the fair value of plan assets:

	December 31, 2023	December 31, 2022
The present value of the defined benefit obligations	\$ 120,550	118,192
Fair value of plan assets	(88,060)	(84,089)
The net defined benefit liability	<u>\$ 32,490</u>	<u>34,103</u>

The Company established the pension fund account for the defined benefit plan in Bank of Taiwan. The plan, under the Labor Standards Law, provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labors. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$88,060 thousand at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labors.

2) Movements in present value of the defined benefit obligations

The movements in present value of the Company's defined benefit obligation were as follows:

	2023	2022
Defined benefit obligation at January 1	\$ 118,192	124,879
Current service costs	135	307
Current interest	1,477	771
Remeasurements of the net defined benefit liability		
Actuarial profits - Financial assumptions change	-	(3,938)
Actuarial Loss - Experience adjustments	746	809
Benefits paid by the plan	-	(4,636)
Defined benefit obligation at December 31	<u>\$ 120,550</u>	<u>118,192</u>

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

3) Movement of the defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Company were as follows:

	2023	2022
Fair value of plan assets at January 1	\$ 84,089	79,602
Interest revenue	1,065	495
Return on plan assets (Except for the amount included in net interest)	734	6,510
Employer allocates	2,172	2,118
Benefits paid by the plan	-	(4,636)
Fair value of plan assets, December 31	<u>\$ 88,060</u>	<u>84,089</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2023	2022
Current service cost	\$ 135	307
Net interest on the defined benefit liability	412	276
	<u>\$ 547</u>	<u>583</u>

	2023	2022
Operating costs	\$ 342	362
Selling expenses	34	38
Administration expenses	37	41
Research and development expenses	134	142
	<u>\$ 547</u>	<u>583</u>

5) Actuarial assumptions

The following were the Company's principal actuarial assumptions at the reporting dates:

	2023.12.31	2022.12.31
Discount rate	1.250%	1.250%
Future salary increases rate	2.500%	2.500%

The Company expects to make contributions of \$2,230 thousand to its defined benefit plans in the following year starting from the reporting date of 2023.

The weighted average duration of the defined benefit plans is 8.0 years.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

6) Sensitivity analysis

When calculating the present value of the defined benefit obligation, the Company uses judgments and estimations to determine the actuarial assumptions, including employee turnover rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligation.

As of December 31, 2023 and 2022, the present value of defined benefit obligation impact was as follow:

	The impact on defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2023		
Discount rate	\$ (2,336)	2,408
Future salary increase rate	2,338	(2,279)
December 31, 2022		
Discount rate	(2,469)	2,551
Future salary increase rate	2,475	(2,408)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There were no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Company allocates 6% of each employee' s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company contributes a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Company's pension costs under the defined contribution plan were \$16,770 thousand and \$15,925 thousand for the years ended December 31, 2023 and 2022, respectively. Payments were made to the Bureau of the Labor Insurance.

(iii) Short-term employee benefit liabilities

	December 31, 2023	December 31, 2022
Compensated absence liabilities	<u><u>\$ 18,350</u></u>	<u><u>17,194</u></u>

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(o) Income tax

(i) Income tax expenses

The amount of income tax were as follows:

	<u>2023</u>	<u>2022</u>
Current income tax expense		
Current period	\$ 133,587	116,726
Adjustment for prior periods	(1,041)	217
Additional tax on undistributed earnings	4,184	2,947
	<u>136,730</u>	<u>119,890</u>
Deferred tax expense		
Origination and reversal of temporary differences	(1,368)	(1,637)
Income tax expenses	<u>\$ 135,362</u>	<u>118,253</u>

The amount of income tax recognized directly in equity was as follows:

	<u>2023</u>	<u>2022</u>
Partial disposal of the equity in subsidiaries	<u>\$ -</u>	<u>3,812</u>

The amount of income tax recognized in other comprehensive income was as follows:

	<u>2023</u>	<u>2022</u>
Items subsequently not reclassified to profit or loss:		
Remeasurement of defined benefit plans	<u>\$ -</u>	<u>(1,928)</u>

Reconciliation of income tax expenses and profit before income tax were as follows:

	<u>2023</u>	<u>2022</u>
Profit before income tax	<u>\$ 676,713</u>	<u>581,752</u>
Income tax using the Company's domestic tax rate	\$ 135,342	116,350
Tax exempted income	(2,548)	(2,492)
Adjustments according to tax law	(575)	1,231
Adjustments for prior years income tax	(1,041)	217
Additional tax on undistributed earnings	4,184	2,947
Total	<u>\$ 135,362</u>	<u>118,253</u>

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(ii) Deferred tax assets and liabilities — Recognized

Changes in the amount of deferred tax assets were as follows:

Deferred tax assets:

	Defined benefit pension plans	Unpaid leave	Allowance for bad debt	Allowance for inventory valuation	Unrealized exchange loss	Impairment Loss	Total
Balance at January 1, 2023	\$ 6,952	3,439	1,170	720	-	2,350	14,631
Recognized in profit or loss	(325)	231	(32)	(12)	576	(12)	426
Balance at December 31, 2023	\$ 6,627	3,670	1,138	708	576	2,338	15,057
Balance at January 1, 2022	\$ 8,880	3,360	1,121	611	8	-	13,980
Recognized in profit or loss	-	79	49	109	(8)	2,350	2,579
Recognized in other comprehensive income	(1,928)	-	-	-	-	-	(1,928)
Balance at December 31, 2022	\$ 6,952	3,439	1,170	720	-	2,350	14,631

Deferred tax liabilities:

	Unrealized exchange gain
Balance at January 1, 2023	\$ 942
Recognized in profit or loss	(942)
Balance at December 31, 2023	\$ -
Balance at January 1, 2022	\$ -
Recognized in profit or loss	942
Balance at December 31, 2022	\$ 942

(iii) Examination and Approval

The ROC income tax authorities have examined the Company's income tax returns through 2021.

(p) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the total value of authorized ordinary shares amounted to \$968,000 thousand, with a par value of \$10 per share, both of which amounted to 96,800 thousand shares, with 76,289 thousand shares and 74,335 thousand shares were issued as of December 31, 2023 and 2022, respectively. All issued shares were paid up upon issuance.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022, the reconciliation of outstanding shares of the Company was as follows (excluding the unvested restricted stock for employees):

	Unit: thousand shares	
	2023	2022
Balance at January 1	74,335	70,886
Issuance of restricted stock for employees	2,000	-
Capital increase through appropriation of earnings	-	3,543
Repurchase of restricted stock for employees	(46)	(94)
Balance at December 31	76,289	74,335
Unvested restricted stock for employees	(2,925)	(1,898)
Balance at December 31	<u>73,364</u>	<u>72,437</u>

At the stockholders' meeting on May 31, 2023, the Company decided to issue 2,000 thousand new shares of restricted stock for employees, with the par value of \$10 per share, at the price of \$51.25 per share, totaling \$102,500 thousand, it was filed to the competent authority for effective date on October 27, 2023, and the base date was set at November 24, 2023. The company registration was completed on December 21, 2023.

At the stockholders' meeting on June 15, 2022, the Company resolved to increase its capital with earnings of \$35,439 thousand. It was approved by the Financial Supervisory Commission effective on July 29, 2022, and the Board of Directors set September 24, 2022, as the base date during the Board of Directors meeting held on August 9, 2022. The company registration was completed on October 17, 2022.

For the years ended December 31, 2023 and 2022, the Company repurchased 46 thousand shares of restricted stock for employees and 94 thousand shares of restricted stock for employee, respectively, as some of the holders of restricted stock for employees did not meet the vesting criteria. Of the repurchased shares, except for 6 thousand shares that were repurchased during the fourth quarter of 2023, the remaining repurchased shares were approved by the Board of Directors. The company registrations were also completed.

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2023	December 31, 2022
Share capital	\$ 192,002	152,260
Treasury share transactions	2,466	2,466
Difference between consideration and carrying amount of subsidiaries at disposal	497	497
Change in net equity value of associates using the equity method	-	1,633
Restricted stock for employees	206,632	87,569
	<u>\$ 401,597</u>	<u>244,425</u>

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

In accordance with the ROC Company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and treasury share transactions. In accordance with the Securities Offering and Issuance Guidelines, the amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

According to the earnings distribution policy of the Company's Articles of Incorporation, if there is net profit after tax for the current period, the Company should first offset the accumulated loss, appropriate 10% of the remaining amount as legal reserve, unless the accumulated legal reserve has reached the paid-in capital, provide or reverse special earnings in accordance with relevant laws or regulations or as requested by authorities in charge. The remainder, together with the undistributed balance at the beginning of the period (including the adjustment of the undistributed earnings amount), the Board of Directors shall draw up an earnings distribution proposal and submit it to the shareholders' meeting for a resolution on the distribution of dividends and bonuses to the shareholders. The aforementioned distribution by cash shall be authorized by a majority vote of the Board of Directors with at least two thirds of the directors present, and shall be reported to the stockholder's meeting.

According to the dividend payment policy stipulated in the Company's Articles of Incorporation, in consideration of the current and future development plans, the investment environment, capital requirements, domestic and overseas competition, and the interests of shareholders, no less than 70% of accumulated distributable earnings for the current year shall be paid in dividends. However, when the accumulated distributable earnings are less than 10% of the paid-in capital stock, the distribution is not mandatory. The cash dividend shall not be less than 10% of the total dividend.

1) Legal reserve

According to the Company Act, 10% of net income after tax should be set aside as legal reserve until it is equal to authorized capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with Ruling issued by the Financial Supervisory Commission, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a 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.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

3) Earnings distribution

The amounts of cash dividends on the 2022 and 2021 earnings distribution were approved during the board meeting on March 9, 2023 and March 10, 2022, and the remaining distributions were decided by the meeting of shareholders on May 31, 2023 and June 15, 2022, respectively. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share (NT dollars)	Amount	Amount per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 5.00	371,615	4.00	283,516
Stock	-	-	0.50	35,439
Total		<u>\$ 371,615</u>		<u>318,955</u>

On March 7, 2024, the Company's Board of Directors resolved to appropriate the 2023 earnings as follows:

	2023	
	Amount per share (NT dollars)	Amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 5.5	<u>419,570</u>

(iv) Other equities (net of tax)

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Employee unearned compensation	Total
Balance at January 1, 2023	\$ 65,315	(28,101)	37,214
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	21,293	-	21,293
Share-based payment transaction	-	22,103	22,103
Issuance of restricted stock for employees	-	(89,175)	(89,175)
Balance at December 31, 2023	<u>\$ 86,608</u>	<u>(95,173)</u>	<u>(8,565)</u>

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Employee unearned compensation	Total
Balance at January 1, 2022	\$ 108,066	(47,937)	60,129
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(42,751)	-	(42,751)
Share-based payment transaction	-	19,836	19,836
Balance at December 31, 2022	<u>\$ 65,315</u>	<u>(28,101)</u>	<u>37,214</u>

(q) Share-based payment

During the shareholders' meeting of the Company held on May 31, 2023, and the extraordinary shareholders' meeting of the Company held on September 9, 2021, the Company respectively decided to issue 2,000 thousand new shares of restricted stock for employees. The restricted stock for employees was subsequently granted on November 8, 2023 and October 4, 2021, and the fair market value was \$44.59 per share and \$26.45 per share, respectively.

Employees who were rewarded with the above-mentioned restricted stock for employees may acquire such shares at 50% of market price on the date of issuance, and are entitled to 50% of the vested shares after two and four years of service in the Company, respectively, from the date of acquisition.

The restrictions on the restricted stock for employees before the vesting conditions are met after subscription are as follows:

- (i) The employee shall not sell, pledge, transfer, donate, create or otherwise dispose of the new restricted stock for employees.
- (ii) Restricted stock for employees has the right to participate in dividend distribution and current subscription, and such rights are not limited by the vesting period, and the stock dividend will be transferred to the employee's individual account from the trustee account free of charge after the issuance date.
- (iii) After the issuance of restricted stock for employees, employees shall immediately deliver them to the trustee or custodian as agreed, and shall not request the return of restricted new stock for employees' rights from the trustee or custodian bank for any reason or in any way before the vesting conditions are met.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

If an employee fails to meet the vesting conditions, the Company will repurchase the restricted stock for employees granted to the employee at the original issue price and subsequently cancel such shares. As of December 31, 2023 and 2022, the Company, based on the expected turnover rate, repurchased the unvested shares amounting to \$16,744 thousand and \$4,803 thousand, respectively, which were recorded under other non-current liabilities. For the years ended December 31, 2023 and 2022, a total of 46 thousand and 94 thousand shares were repurchased due to service termination of employees who did not meet the vesting conditions, and the repurchase price was \$1,384 thousand and \$2,858 thousand, respectively. The Company recognized compensation costs of \$22,103 thousand and \$19,836 thousand for the years ended December 31, 2023 and 2022, respectively, and charged the fair value of cash dividends and stock dividends distributed to employees who might leave the Company during the vesting period as compensation costs amounting to \$730 thousand and \$1,864 thousand, respectively, for the years ended December 31, 2023 and 2022.

	2023	2022
Balance at January 1 (number)	1,898	1,992
Granted during the year (number)	2,000	-
Vested during the year (number)	(927)	-
Forfeited during the year (number)	(46)	(94)
Balance at December 31 (number)	<u>2,925</u>	<u>1,898</u>

(r) Earnings per share

The calculation of the Company's basic and diluted earnings per share were as follows:

(i) Basic earnings per share

	2023		
	Continuing operations	Discontinued operations	Total
Profit/(loss) attributable to ordinary shareholders of the Company	<u>\$ 541,351</u>	<u>66,532</u>	<u>607,883</u>
Weighted average number of ordinary shares	<u>72,660</u>	<u>72,660</u>	<u>72,660</u>
Total basic earnings per share	<u>\$ 7.45</u>	<u>0.92</u>	<u>8.37</u>

	2022		
	Continuing operations	Discontinued operations	Total
Profit attributable to ordinary shareholders of the Company	<u>\$ 463,499</u>	<u>33,565</u>	<u>497,064</u>
Weighted average number of ordinary shares	<u>72,437</u>	<u>72,437</u>	<u>72,437</u>
Total basic earnings per share	<u>\$ 6.40</u>	<u>0.46</u>	<u>6.86</u>

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(ii) Diluted earnings per share

	2023		
	Continuing operations	Discontinued operations	Total
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 541,351</u>	<u>66,532</u>	<u>607,883</u>
Weighted average number of ordinary shares (basic)	72,660	72,660	72,660
Effect of dilutive potential ordinary shares			
Restricted stock for employees	1,058	1,058	1,058
Employee compensation	<u>674</u>	<u>674</u>	<u>674</u>
Weighted average number of ordinary shares used for calculation of diluted earnings per share	<u>74,392</u>	<u>74,392</u>	<u>74,392</u>
Total diluted earnings per share	<u>\$ 7.28</u>	<u>0.89</u>	<u>8.17</u>
	2022		
	Continuing operations	Discontinued operations	Total
Profit attributable to ordinary shareholders of the Company (diluted)	<u>\$ 463,499</u>	<u>33,565</u>	<u>497,064</u>
Weighted average number of ordinary shares (basic)	72,437	72,437	72,437
Effect of dilutive potential ordinary shares			
Restricted stock for employees	640	640	640
Employee compensation	<u>853</u>	<u>853</u>	<u>853</u>
Weighted average number of ordinary shares used for calculation of diluted earnings per share	<u>73,930</u>	<u>73,930</u>	<u>73,930</u>
Total diluted earnings per share	<u>\$ 6.27</u>	<u>0.45</u>	<u>6.72</u>

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	2023	2022
Major products/services lines:		
Computer equipment sale revenue	\$ 1,423,871	1,328,236
Service revenue	1,342,503	1,149,742
	<u>\$ 2,766,374</u>	<u>2,477,978</u>
Timing of revenue recognition		
Products transferred at a point in time	1,423,871	1,328,236
Services transferred over time	1,342,503	1,149,742
	<u>2,766,374</u>	<u>2,477,978</u>

(ii) Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable	\$ 177	830	341
Accounts receivable	122,057	107,084	126,601
Less: allowance for impairment	(2,816)	(2,816)	(2,816)
Total	<u>\$ 119,418</u>	<u>105,098</u>	<u>124,126</u>
Contract liabilities -Software design service	\$ 278,517	239,492	226,504
Contract liabilities -Maintenance service	94,368	75,086	51,420
Less: allowance for impairment	(2,811)	(2,811)	(2,811)
Total	<u>\$ 370,074</u>	<u>311,767</u>	<u>275,113</u>
Contract liabilities -Hardware trading	\$ 629,947	747,810	690,187
Contract liabilities -Software design service	221,151	248,664	179,536
Contract liabilities -Maintenance service	28,800	35,682	29,526
Total	<u>\$ 879,898</u>	<u>1,032,156</u>	<u>899,249</u>

For details on notes, accounts receivable and allowance for impairment, please refer to note 6(e).

The contract liabilities are mainly due to advance receipts, wherein the Company will recognize revenue when the performance obligations are satisfied. The amount of revenue recognized for the years ended December 31, 2023 and 2022 that were included in the contract liability balance at the beginning of the period were \$906,838 thousand and \$782,095 thousand, respectively.

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Notes to the Financial Statements

(t) Remuneration to employees and directors

In accordance with the Company's Articles, the profit for the year should be reserved to offset the deficit, then, should contribute no less than 7.5% of the profit as employee remuneration, and less than 3.75% as directors' remuneration.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to \$62,809 thousand and \$51,999 thousand, and directors' remuneration amounting to \$31,405 thousand and \$25,999 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors, multiplied by the percentage of remuneration to employees and directors as specified in the Company's Articles of Incorporation. These remunerations were expensed under operating costs or operating expenses during 2023 and 2022. Related information would be available at the Market Observation Post System website. The amounts, as stated in the parent company only financial statements, are identical to those of the actual distributions for 2023 and 2022.

(u) Non-operating income and expenses

(i) Interest income

	2023	2022
Interest income from bank deposits	\$ 4,649	636
Other interest income		
Interest income on lease receivable	190	225
Interest income on short-term notes	6,111	928
Other	-	11
Total other interest income	6,301	1,164
Total Interest income	\$ 10,950	1,800

(ii) Other income

	2023	2022
Rental income	\$ 14,310	14,801
Dividend income	12,740	12,461
Others	15,606	21,644
Total other income	\$ 42,656	48,906

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(iii) Other gains and losses

	2023	2022
Disposal of subsidiaries	\$ -	2,560
Foreign exchange gains (losses)	(460)	5,725
Gains (losses) on financial assets at fair value through profit or loss	1,287	(3,548)
Impairment loss on investment property	-	(11,750)
Others	-	(61)
Other gains and losses, net	<u>\$ 827</u>	<u>(7,074)</u>

(iv) Finance costs

	2023	2022
Interest on bank loans	\$ 57	241
Interest on lease liabilities	-	3
Finance cost	<u>\$ 57</u>	<u>244</u>

(v) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

Most of the Company's customers are domestic financial and insurance institutions, however, transactions are not significantly concentrated with a single customer. In order to reduce the credit risk on the accounts receivable, the Company regularly evaluates the likelihood of accounts receivable recovery and provides an allowance for losses, which is within the expectation of the management. As of December 31, 2023 and 2022, all accounts receivable are from Taiwan.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within a year	1-5 years	Over 5 years
December 31, 2023					
Non-derivative financial liabilities					
Accounts payable	\$ 508,169	508,169	508,169	-	-
Other payables	321,601	321,601	321,601	-	-
deposits received	3,526	3,526	138	-	3,388
	<u>\$ 833,296</u>	<u>833,296</u>	<u>829,908</u>	<u>-</u>	<u>3,388</u>

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DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

	Carrying amount	Contractual cash flows	Within a year	1-5 years	Over 5 years
December 31, 2022					
Non-derivative financial liabilities					
Notes payable	\$ 117,596	117,596	117,596	-	-
Accounts payable	167,435	167,435	167,435	-	-
Other payables	278,368	278,368	278,368	-	-
deposits received	3,526	3,526	3,388	138	-
	\$ 566,925	566,925	566,787	138	-

The Company does not expect the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's financial assets and liabilities exposed to significant currency risk was as follows:

	Foreign currency	Exchange rate	NTD
December 31, 2023			
Financial assets:			
Monetary items:			
USD	\$ 3,778	30.7050	116,003
HKD	\$ 977	3.9290	3,837
December 31, 2022			
Financial assets:			
Monetary items:			
USD	\$ 2,767	30.7100	84,981
HKD	\$ 887	3.9380	3,491

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents that are denominated in foreign currency. A weakening or strengthening 1% appreciation or depreciation of the NTD against the USD and HKD as of December 31, 2023 and 2022, would have increased or decreased the net profit after tax by \$959 thousand and \$708 thousand, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary item

Since the Company is affected by foreign currency fluctuation from USD and HKD. For the years ended December 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portion) amounted to \$(460) thousand and \$5,725 thousand.

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DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(iv) Interest rate analysis

Please refer to the note on liquidity risk management for the interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure of the interest rate on non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is on the basis of the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the management of the Company's assessment on the reasonably possible interval of interest rate change.

If the interest rate had increased or decreased by 1%, the Company's net income before tax would have increase or decrease by \$9,084 thousand and \$3,789 thousand for the years ended December 31, 2023 and 2022, respectively, with all other variable factors remain constant. This is mainly due from the Company's cash in bank cash equivalents and restricted time deposits at floating rate.

(v) Information of fair value

1) Categories and fair value of financial instruments

Except as described in the following paragraphs, for financial assets and financial liabilities not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required

December 31, 2023					
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Open-end fund	\$ 2,196	2,196	-	-	2,196
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	112,951	112,951	-	-	112,951
Financial assets measured at amortized cost					
Finance lease receivable	3,912	-	3,912	-	3,912
Total	<u><u>\$ 119,059</u></u>	<u><u>115,147</u></u>	<u><u>3,912</u></u>	<u><u>-</u></u>	<u><u>119,059</u></u>

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Notes to the Financial Statements

		December 31, 2022			
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Listed stocks (domestic)	\$ 5,884	5,884	-	-	5,884
Financial assets at fair value through other comprehensive income					
Listed stocks (domestic)	91,327	91,327	-	-	91,327
Financial assets measured at amortized cost					
Finance lease receivable	2,426	-	2,426	-	2,426
Total	<u>\$ 99,637</u>	<u>97,211</u>	<u>2,426</u>	<u>-</u>	<u>99,637</u>

- 2) Valuation techniques for financial instruments measured at fair value — Non-derivative financial instruments

If the quoted prices in active markets are available, the market price is established as the fair value. The market prices amounted by Over the Counter are the benchmarks of the fair value of equity instruments and liability instruments trading in active markets.

- 3) Fair value hierarchy

The Company used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs, other than the 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: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

There was no transfers among the different levels of fair value hierarchy.

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Notes to the Financial Statements

(w) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

This note has the information on risk exposure and the objectives, policies and process of risk measurement and management. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective note in the accompanying parent company only financial statements.

(ii) Risk management framework

The Company's main financial instruments include equity and debt instrument investment, accounts receivable, accounts payable, borrowings and lease liabilities. The financial management department of the Company provides services for the business units, coordinates the operation of the domestic financial market, and supervises and manages financial risks related to the operation of the Company by analyzing the internal risk reports of the risks according to the level and scope of risks. Such risks include market risk (foreign exchange risk, interest rate risk, and other price risk), credit risk, and liquidity risk. The Financial Management Department is required to submit quarterly reports to the Board of Directors of the Company.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, cash in banks and investments securities.

To mitigate credit risk, the Company's management regularly assesses credit limits and other monitoring procedures to ensure appropriate action is taken for overdue receivables. Additionally, the Company reviews the recoverable amount of receivables on the balance sheet date to ensure adequate provision for impairment. The management believes that the Company's credit risk has been significantly reduced.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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Notes to the Financial Statements

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of the expected cash flows on operating expenses and financial liabilities. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. The Company has unused short-term bank facilities of \$1,322,130 thousand and \$1,470,000 thousand, as of December 31, 2023 and 2022, respectively.

(v) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rate, and equity prices which will affect the Company's income or the value of its holding of financial instrument. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing the return.

The Company did not enter into any derivative contracts, hence did not give rise to financial assets or liabilities.

(x) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. Capital consists of ordinary shares, capital surplus and retained earnings of the Company. The Board of Directors monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Company's debt-to-adjusted-capital ratio at the end of the reporting period was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 2,019,459	1,894,011
Less: cash and cash equivalents	1,106,942	473,554
Net debt	<u>\$ 912,517</u>	<u>1,420,457</u>
Total equity	<u>\$ 2,431,048</u>	<u>2,063,124</u>
Debt-to-capital ratio	<u>37.54%</u>	<u>68.85%</u>

As of December 31, 2023, there was no changes in the Company's approach of capital management.

(y) Investing and financing activities not affecting current cash flow

The Company's non-cash investing and financing activities in 2022 consisted of the acquisition of right-of-use assets through leasing. There were no non-cash investing and financing activities in 2023.

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Notes to the Financial Statements

- (z) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2022	Cash flows	Non-cash changes		December 31, 2022
			Acquisition right-of-use assets	Other	
Short-term borrowings	\$ 130,000	(130,000)	-	-	-
Deposits received	3,526	-	-	-	3,526
Lease liabilities	168	(335)	798	(631)	-
Total liabilities from financing activities	<u>\$ 133,694</u>	<u>(130,335)</u>	<u>798</u>	<u>(631)</u>	<u>3,526</u>

(7) Related-party transactions

- (a) Parent company and ultimate controlling party

The Company is the ultimate controlling party of the Company and its subsidiaries

- (b) Names and relationship with related parties

In these parent company only financial statements, the related parties having transactions with the Company are listed as below:

Name of related party	Relationship with the Group
Dimwave Fintech Ltd. (Dimwave Fintech)	Associates (In December 2022, changed from a subsidiary to an associated enterprise)
High Performance Information Co. Ltd. (High Performance)	Subsidiary (In June 2023, changed from a subsidiary to a non-related party)
Shi Ying, Lin	Other related party(In June 2023, changed from a related party to a non-related party)
Jun Yen, Jian	Other related party(In June 2023, changed from a related party to a non-related party)
Hong Ming, Chen	Other related party(In June 2023, changed from a related party to a non-related party)

- (c) Significant transactions with related parties

- (i) Operating revenue

	2023	2022
Subsidiary :		
High Performance	1,063	43,756
Associates :		
Dimwave Fintech	-	5
	<u>1,063</u>	<u>43,761</u>

The sales price and the collection term with related parties were not significantly different from normal customers. The Company did not hold any collateral for the accounts receivable from related parties and assessed that no allowance for doubtful accounts was necessary.

(Continued)

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Notes to the Financial Statements

(ii) Purchases

	<u>2023</u>	<u>2022</u>
Subsidiary :		
High Performance	\$ 4	2,681
Associates :		
Dimwave Fintech	16,465	8,506
	<u>\$ 16,469</u>	<u>11,187</u>

The purchase price and payment term with related party was not significantly different from normal transactions.

(iii) Maintenance service

The maintenance service provided by the related party, recorded under operating cost, is as follows:

	<u>2023</u>	<u>2022</u>
Subsidiary :		
High Performance	\$ 246	1,564
Associates :		
Dimwave Fintech	5,268	6,759
	<u>\$ 5,514</u>	<u>8,323</u>

(iv) Receivables from related parties

<u>Account</u>	<u>Type of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	Subsidiary :		
	High Performance	\$ -	1,015
Accounts receivable	Associates :		
	Dimwave Fintech	-	6
		<u>\$ -</u>	<u>1,021</u>

(v) Payables to related parties

<u>Account</u>	<u>Type of related parties</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable	Subsidiary :		
	High Performance	\$ -	146
Accounts payable	Associates :		
	Dimwave Fintech	1,681	2,328
		<u>\$ 1,681</u>	<u>2,474</u>

(Continued)

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Notes to the Financial Statements

(vi) Property transaction

1) Disposal of financial assets

Type of related party	Account	2023				2022			
		Number of shares (thousand shares)	Financial assets	Disposal proceeds	Disposal gain (loss)	Number of shares (thousand shares)	Financial assets	Disposal proceeds	Disposal gain (loss)
Other related party	Other non current asset held for sale	3,235	High Performance	\$ 86,913	(5,034)	2,145	High Performance	49,969	-

The transaction price with related parties is determined according to the agreements between both parties, and the disposal gain or loss is calculated based on the Company's average cost of holding investments in High Performance. As the Company partially disposed its shares of High Performance in April 2022, and did not lose the control over the subsidiary, the Company treated the transaction as an equity transaction.

(vii) Lease

The Company leased the right to use office equipment to its subsidiaries under operating leases for a period of 3 years. The rental price is determined by the rental level of comparable assets, and a fixed rental price is collected and paid monthly according to the leasing agreement. At the end of the leasing period, the Lessee shall not have a right of preferential refusal of the assets. The lease agreement has been terminated in 2022. The recognized leasing revenue for the year 2022 is \$71 thousand. There is no such transaction occurred in 2023.

(d) Key management personnel transactions

The compensation of the key management personnel comprised the following:

	2023	2022
Short-term employee benefits	\$ 56,800	49,794
Post-employment benefits	65	172
	\$ 56,865	49,966

(8) Assets Pledged as security

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Property, plant, and equipment	Bank loan facilities	\$ 749,061	753,392
Investment property	Bank loan facilities	520,934	523,700
Financial assets at amortized cost	Performance bond	28,889	41,855
		\$ 1,298,884	1,318,947

(9) Commitments and contingencies: None.

(10) Losses due to major disasters: None.

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(11) Subsequent events

- (a) On March 7, 2024, the Company's Board of Directors decided to distribute cash from capital surplus, with a dividend of \$0.5 per share, totaling \$38,143 thousand. Please refer to note 6(p) for details on the profit distribution plan of 2023 approved by the Board of Directors.
- (b) Considering the Company's long-term development, on March 7, 2024, the Company's Board of Directors decided to purchase real estate for operational use and authorized the chairman to handle subsequent signing matters.

(12) Other

- (a) The following is a summary statement of employee benefits, depreciation and amortization expensed by function:

By function By item	Year ended December 31, 2023			Year ended December 31, 2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	298,418	337,308	635,726	272,756	296,535	569,291
Labor and health insurance	22,252	15,167	37,419	20,469	14,232	34,701
Pension	10,915	6,402	17,317	10,236	6,272	16,508
Directors' remuneration	-	31,405	31,405	-	25,999	25,999
Others	7,210	7,825	15,035	6,836	7,966	14,802
Depreciation	2,384	9,515	11,899	2,743	10,978	13,721
Amortization	-	3,040	3,040	-	1,882	1,882

Note: Depreciation expenses for investment property recognized under other income and expenses amounted to \$2,766 thousand and \$2,828 thousand for the years ended December 31, 2023 and 2022, respectively.

The Company's number of employees for the years ended December 31, 2023 and 2022 and additional information on employee benefits are as follows :

	2023	2022
Number of employees	<u>398</u>	<u>388</u>
Number of directors who were not employees	<u>4</u>	<u>4</u>
The average employee benefit	<u>\$ 1,791</u>	<u>1,654</u>
The average salaries and wages	<u>\$ 1,614</u>	<u>1,484</u>
The adjustments to the average salaries and wages	<u>8.76%</u>	
Supervisor remuneration	<u>\$ -</u>	<u>-</u>

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

The Company's salary and remuneration policy (including directors, supervisor, managers and employees) are as follows:

(i) Director, independent director and supervisors' remuneration policy

The remuneration of the directors, independent director and supervisors of the Company is in accordance with the Articles of Incorporation. The remuneration of directors is determined by the Board of Directors based on the directors' participation and contribution to the Company's operations, as well as the standards of the industry. The independent directors are entitled to a fixed monthly remuneration; however, they are not entitled to remuneration to Board of Directors.

(ii) Managers and employees' remuneration policy

The salary remuneration policy for managers and employees shall be in accordance with the Articles of Incorporation and with reference to the usual standards of the industry, and taking into account the reasonableness of their duties, personal performance, the Company's operating performance and future risks, etc. The salaries shall be appointed and adjusted from time to time in accordance with the Company's "Salary Grade Table". The year-end bonuses is based on the annual performance.

(b) Discontinued operations

In response to operational development needs, the Company focused on software development and professional services. The Company's Board of Directors resolved on April 7, 2022, to sell its subsidiary, High Performance Information Co., Ltd. The disposal was completed in June 2023. For details regarding discontinued operations, please refer to the consolidated financial statements for the year ended December 31, 2023.

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(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:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: None.
- (iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Maximum investment in 2023	Notes
				Number of shares	Book value	Holding percentage	Market value		
The Company	UPAMC Taiwan High Dividend and Growth Fund	-	Financial assets at fair value through profit or loss	200	2,196	- %	2,196	-	
The Company	Dimerco Express Corporation	-	Financial assets at fair value through other comprehensive income	1,232	101,982	- %	101,982	-	
The Company	E.SUN Financial Holding Company, Ltd.	-	Financial assets at fair value through other comprehensive income	425	10,969	- %	10,969	-	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars/ thousand shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Common share/ High Performance Information Co., Ltd.	Non current assets held for sale	Note 1	Note 1	17,663	176,805	-	-	17,663	381,008	331,507	49,501	-	-

Note 1: Among the disposed shares, of which 3,235 thousand shares were sold to other related parties and 8,428 thousand shares to non-related parties.

Note 2: The gain on disposal included 1,633 thousand transferred from capital surplus - change in net equity value of associates using the equity method.

- (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\$300 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: None.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Address	Scope of business	Original cost		Ending balance			Maximum investment amount in 2023	Net income of investee	Investment income (losses)	Notes
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Book value				
The Company	Dimwave Fintech Ltd.	Taiwan	Sales of computer hardware equipment and design, development and sales of computer software	5,700	5,700	600	30.00%	7,031	-	5,293	1,588	Note 1
The Company	High Performance Information Co. Ltd.	Taiwan	sales and lease of information related products	-	176,805	-	- %	-	-	31,796	15,398	Note 2

Note 1: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

Note 2: The investment income recognized is recorded under discontinued operations.

(c) Information on investment in mainland China: None

(Continued)

DIMERCO DATA SYSTEM CORPORATION

Notes to the Financial Statements

(d) Major shareholders:

No shareholders hold more than 5% of the shares.

(14) Segment information

Please refer to the consolidated financial statements for the year ended December 31, 2023.

Dimerco Data System Corporation
Statement of cash and cash equivalents
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount
Petty cash		\$ 55
Bank deposits	Demand deposits	43,537
	Checking deposits	235
	Foreign currency deposits	
	USD278 thousand, @30.705	8,530
	HKD977 thousand, @3.929	3,837
	Time deposits (USD3,500 thousand, interest rate 4.35%~5.28%; Maturity date: March 2, 2024 to March 4, 2024)	107,468
	Subtotal	163,607
Cash equivalents	Repurchase Agreement (Maturity date: January 10, 2024 to February 15, 2024)	943
		, 28
		0
		\$ 1,106,942

Dimerco Data System Corporation

Statement of financial assets measured at fair value through profit or loss - current

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial assets	Description	Number of shares	Par Value	Amount	Rate (%)	Acquisition cost	Fair value		The amount of change in the fair value that is attributable to change in the credit risk	Note
							Unit price	Amount		
Mutual funds:										
UPAMC Taiwan High Dividend and Growth Fund		200	\$ -	<u>-</u>	-	<u>2,000</u>	10.9800	<u>2,196</u>	-	

Dimerco Data System Corporation

Statement of financial assets measured at fair value through other comprehensive income - current

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Name of financial assets	Description	Number of shares (thousand shares)	Par value	Amount	Rate (%)	Acquisition cost	Fair value		Note
							Unit price	Amount	
Stock:									
Dimerco Express Corporation	-	1,232	\$ -	-	-	23,563	82.80	101,982	None
E.SUN Financial Holding Company, Ltd.	-	425	-	-	-	<u>2,780</u>	25.80	<u>10,969</u>	"
				<u><u>\$ -</u></u>		<u><u>26,343</u></u>		<u><u>112,951</u></u>	

Dimerco Data System Corporation

Statement of accounts receivable (including related parties)

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Customer	Description	Amount	Note
Non-related parties:			
CTBC Bank Co., Ltd.	Arising from operating activities	\$ 23,536	
Taiwan Family Mart Co., Ltd.	"	9,909	
TransGlobe Life Insurance Inc.	"	8,915	
Blue Technology Digital Corporation	"	6,571	
Accudata Research Institute Inc.	"	6,058	
Others (amount individually less than 5%)	"	67,068	
		122,057	
Less: Allowance for impairment		2,816	
		<u><u>\$ 119,241</u></u>	

Statement of inventories

Item	Amount		Note
	Cost	Net realizable value	
Merchandise	\$ 1,126,088	<u><u>1,776,829</u></u>	Market value is determined by net realizable value
Less: allowance for inventory valuation	3,542		
	<u><u>\$ 1,122,546</u></u>		

Dimerco Data System Corporation

Statement of prepayments

December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Advance payment		\$ 26,256	
Prepayment for computer subsidy for employees		1,603	
Others		<u>721</u>	
		<u>\$ 28,580</u>	

Dimerco Data System Corporation

Statement of changes in investments accounted for using the equity method

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Company	Balance Beginning of period		Increase		Decrease		Balance End of period			Market value or Book value		Pledged as collateral	Note
	Shares (in thousands)	Amount	Shares (in thousands)	Amount (Note 2)	Shares (in thousands)	Amount (Note 3)	Shares (in thousands)	Ownership (%)	Amount	Unit Price	Gross Price		
Dimwave Fintech Ltd.	600	\$ 5,443	-	1,588	-	-	600	30.000	7,031	-	6,071		
High Performance Information Co. Ltd.	11,663	327,772	-	15,398	11,663	343,170	-	-	-	-	-		
		(Note 1)											
		<u>\$ 333,215</u>		<u>16,986</u>		<u>343,170</u>			<u>7,031</u>		<u>6,071</u>		

Note 1: It was recorded under other current assets held for sale.

Note 2: It represented the share of profit (loss) from the subsidiaries and the associates

Note 3: It represented \$11,663 thousand of cash dividends received and \$331,507 thousand of the net carrying value of the subsidiary being disposed of.

Dimerco Data System Corporation
Statement of accounts payable
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

<u>Company</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related parties:			
Dimwave Fintech Ltd.	Arising from operating activities	\$ 1,681	
Non-related parties:			
BestCom Infotech Corp.	Arising from operating activities	\$ 190,197	
Metaage Corporation	"	135,017	
Palsys Digital Technology Corporation	"	82,832	
Others (amount individually less than 5%)	"	98,442	
		506,488	
		<u>\$ 508,169</u>	

Statement of other payables (including related parties)

<u>Company</u>	<u>Description</u>	<u>Amount</u>
Non-related parties:		
	Salary payable and accrued year-end bonuses	194,863
	Remuneration to employees and directors	94,214
	Unpaid leave	18,350
	Others (amount individually less than 5%)	14,174
		<u>\$ 321,601</u>

Dimerco Data System Corporation
Statement of other current liabilities
December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Value added tax payable		\$ 13,340	
Temporary receipts		2,344	
Receipts under custody		2,294	
Others (amount individually less than 5%)		<u>1,622</u>	
		<u>\$ 19,600</u>	

Statement of other non-current liabilities

Item	Description	Amount	Note
Payables under share based payment for employees		\$ 16,744	
Refundable deposits received		<u>3,526</u>	
		<u>\$ 20,270</u>	

Dimerco Data System Corporation
Statement of operating revenue
For the year ended December 31, 2023

Item	Quantity (in unit)	Amount	Note
Trading of merchandise	-	\$ 1,423,871	
Service revenue:			
Software design service revenue	-	572,722	
Professional service revenue	-	318,605	
Hardware maintenance revenue	-	260,961	
Software maintenance revenue	-	156,368	
Internet data center	-	27,378	
Others	-	6,469	
		<u>1,342,503</u>	
		<u>\$ 2,766,374</u>	

Note: The amount was net of sales returns and allowances.

Dimerco Data System Corporation

Statement of operating costs

For the year ended December 31, 2023

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Cost of goods for merchandise:	\$	
Beginning inventory	946,199	
Add: inventory purchased	1,271,806	
Other	22,254	
Less: Ending inventory	1,126,088	
Cost of goods sold for merchandise		<u>1,114,171</u>
Cost of service		
Direct labor	339,827	
Maintenance expenses	205,998	
Professional expenses	2,433	
Other	<u>4,797</u>	
Cost of service		553,055
Decline in market value of inventory		<u>(58)</u>
Operating costs		<u><u>\$ 1,667,168</u></u>

Dimerco Data System Corporation
Statement of selling expenses
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries		\$ 81,284	
Entertainment expenses		10,832	
Others		10,316	
		<u>\$ 102,432</u>	

Statement of administrative expenses

Item	Description	Amount	Note
Salaries		\$ 129,443	
Professional expenses		14,648	
Others		46,405	
		<u>\$ 190,496</u>	

Dimerco Data System Corporation
Statement of research and development expenses
For the year ended December 31, 2023
(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salaries		\$ 157,986	
Others		27,543	
		<u>\$ 185,529</u>	

For statement of changes in property, plant and equipment, please refer to note 6(j).

For statement of changes in accumulated depreciation of property, plant and equipment, please refer to note 6(j).

For statement of changes in investment property, please refer to note 6(k).

For statement of changes in accumulated depreciation of investment property, please refer to note 6(k).

For statement of other income, please refer to note 6(u).

For statement of other gain and losses, net, please refer to note 6(u).

For statement of finance cost, please refer to note 6(u).

VI. Impact on the financial status of the Company in case of financial difficulties of the Company and its affiliated enterprises: the Company has not experienced any financial difficulties in the year of 2023 and as of May 10, 2024.

Chapter 7. Review and Analysis of the Company's Financial Position and Financial Performance, and Evaluation of Risk Related Matters

I. Financial Status

Comparative analysis of financial status

Unit: NT\$ thousands

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	3,138,786	3,910,948	(772,162)	(20)
Long-term investment	7,031	5,443	1,588	29
Property, plant and equipment	764,973	773,948	(8,975)	(1)
Investment property	520,934	523,700	(2,766)	(1)
Intangible assets	2,495	1,537	958	62
Other assets	16,288	15,756	532	3
Total assets	4,450,507	5,231,332	(780,825)	(15)
Current liabilities	1,966,699	2,826,784	(860,085)	(30)
Long-term liabilities	0	0	0	0
Other Liabilities	52,760	43,374	9,386	22
Total liabilities	2,019,459	2,870,158	(850,699)	(30)
Capital stock	762,895	743,350	19,545	3
Capital surplus	401,597	244,425	157,172	64
Retained earnings	1,275,121	1,038,135	236,986	23
Other adjustment items of shareholders' equity	(8,565)	37,214	(45,779)	(123)
Total shareholders' equity	2,431,048	2,063,124	367,924	18

The main reasons for major changes in assets, liabilities, and shareholders' equity in the most recent two years ((with changes by at least 20% with an amount reaching NT\$10 million) are as follows:

- (1) Due to the sale of all of HPI Corp.'s shares and the company's loss of control in June 2023, current assets and liabilities decreased.
- (2) An increase in investment income reported using the equity method from linked companies is the cause of the increase in long-term investments.
- (3) In 2023, New Restricted Employee Shares were issued, which resulted in a rise in other obligations and capital surplus.
- (4) Retained earnings: mainly due to the increase in net profit of the Company in 2023.
- (5) Other adjustments to shareholders' equity: mainly attributable to unrealized valuation losses on financial assets measured at fair value through other comprehensive income.

II. Financial Performance

(I) Comparative Analysis of Financial Performance

Unit: NT\$ thousands

Item	2023	2022	Increase (decrease) change	
	Amount	Amount	Amount	(%)
Net operating income	2,766,374	2,482,878	283,496	11
Operating costs	1,667,168	1,503,779	163,389	11
Gross operating profit	1,099,206	979,099	120,107	12
Operating expenses	478,458	442,211	36,247	8
Income from operations	620,748	536,888	83,860	16
Non-operating income and expenses	55,964	43,338	12,626	29
Net profit before tax of continuing operations	676,712	580,226	96,486	17
Income tax expenses	135,362	117,379	17,983	15
Net profit after tax of continuing operations	541,350	462,847	78,503	17
Profit from discontinued operations	82,930	67,758	15,172	22
Net profit for the year	624,280	530,605	93,675	18

1. Description of change analysis:

- (1) Operating profit: due to the increase in operating income in 2023 and the recognition of impairment losses on investment properties in 2022.
- (2) Non-operating income and expenses: due to the increase in profits from disposal of subsidiaries in 2023.

2. Possible impact on future financial business and response plan: None.

(II) Change in gross profit

The change in gross profit in the current period was due to the increase in operating income in the year of 2023.

III. Cash flow

(I) Cash Flow Analysis for the Last Two Years

Item \ Year	2023	2022	Increase (decrease) ratio (%)
Cash flow ratio (%)	22.25	23.94	-7.06
Cash flow adequacy ratio (%)	124.03	129.33	-4.10
Cash reinvestment ratio (%)	2.57	12.15	-78.85
Analysis of changes in the proportion of increase and decrease: the decrease in the cash flow adequacy ratio was mainly due to the decrease in working capital during the year.			

(II) Cash flow analysis for the coming year:

Unit: NT\$ thousands

Cash and cash equivalents at beginning of period	Annual net cash flows from operating activities	Cash outflow for the year	Cash surplus (deficit) amount	Remedial measures for cash deficit	
				Investment plan	Financial Plan
\$1,106,942	\$250,000	\$320,000	\$1,036,942	\$ —	\$ —
<p>1. Analysis of cash flow changes for the current year</p> <p>(1) Business activities: continue to expand the Company's business.</p> <p>(2) Investment activities: Purchased the Office Building in Kaohsiung, etc.</p> <p>(3) Financing activities: distribution of cash dividends and compensation of employees and directors.</p> <p>2. Remedial measures for expected cash shortfall and liquidity analysis: N/A.</p>					

IV. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year: None.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for Coming Year

(I) Re-investment policy for the most recent year: HPI Corp., a subsidiary of the Company, has a high degree of overlap with the Company's financial customers and its profit is far less than that of the Company. In addition, the performance of the Company has been growing in recent years. In order to meet the needs of the Company's operation and development and the consideration of sustainable operation, the Company continued to focus on the core technology of software development and professional service advantages to strengthen the competitiveness of enterprises. Therefore, on April 7, 2022, the Board of Directors resolved to dispose of all the equity of the subsidiary HPI Corp, and the shares were disposed of entirely in June 2023.

(II) Main reasons for profit or loss:

In June 2023, the business sold all of the shares it owned in HPI Corp., an affiliated company. A gain on the disposal of investments was disclosed in 2023.

(III) Status improved: continued to expand the market and actively train personnel and make strategic alliances with the investee companies to strive for greater profit space.

(IV) Investment Plan for the Coming Year: None.

VI. Risk Analysis and Assessment for the Most Recent Fiscal Year and During the Current Fiscal Year and as of the Date of Publication of the Annual Report

(I) Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

1. Interest rate: The Company purchased an office building to meet the needs of future operation and development in 2017. At that time, the required funds were paid by bank loans. The contracted interest rate of the loan was 1.58%. This part of the long-term loan was fully repaid in June 2018. At present, the bank borrowings of the Company are all short-term credit borrowings with interest rates ranging from about 0.9% to 1.91%. Therefore, there is no doubt that too much change in interest rates will have a severe impact on the Company.
2. Exchange rate: The business of the Company mainly focuses on domestic sales, so the fluctuation of exchange rate has no significant impact on the assets or profit and loss of the Company.
3. Inflation: It's required to pay attention to changes in the market situation, understand industry trends, and enhance the ability to control inventory in order to obtain stable and long-term profitability.

(II) The Company's Policy Regarding High-Risk Investments, Highly Leveraged Investments, Loans to Other Parties, Endorsements, Guarantees, and Derivatives Transactions; The Main Reasons for the Profits/Losses Generated Thereby; And Response Measures to Be Taken in the Future:

The Company has not engaged in high-risk, highly leveraged investments, endorsements, guarantees, or other such business activities in the most recent year, and the Articles of Incorporation of the Company provide that funds may not be lent to others.

In the future, the Company will continue to follow the established principles and never engage in high-risk, highly leveraged investment and capital lending to others and endorsement.

(III) Future R & D plans and estimated R & D expenses: Please refer to the description on page 56 for the Company's future R & D plans. In addition, the Company expects to invest approximately NT\$ 180 million in research and development in 2024.

(IV) Effects of and Response to Changes in Policies and Regulations At Home and Abroad Relating to Corporate Finance and Sales:

The major changes in domestic and foreign policies and laws in recent years have not had a significant impact on the Company, so they will not have a significant impact on the financial business of the Company.

(V) The impact of technological changes (including I & C security risks) and industry changes on the Company's financial operations and the response measures

1. The company proactively facilitates specialized technical training for relevant personnel and closely monitors emerging technological innovations through dedicated research initiatives. This allows the company to maintain an understanding of market dynamics and make necessary adjustments to its business strategies in order to adapt to technological advancements and industrial transformations within its operating

landscape. Furthermore, the company actively engages in collaborative partnerships with preeminent manufacturers to develop next-generation cybersecurity solutions that address evolving consumer and market demands. Such strategic initiatives serve to reinforce the company's position as a technological leader within the cybersecurity sector while concurrently expanding its commercial opportunities and revenue prospects.

2. **Risks Pertaining to Information and Communication Security, and Corresponding Mitigation Measures:** The company has implemented a comprehensive, multi-layered cybersecurity defense architecture to safeguard its networks and computer systems. This robust framework encompasses perimeter security controls such as firewalls, intrusion detection systems, and antivirus solutions to mitigate threats originating from external attack vectors. Furthermore, the company conducts regular reviews of its risk management strategies and solutions to ensure their continued effectiveness in addressing the evolving information security risk landscape.
3. The company has obtained ISO-27001 certification. For details on the company's information and communication security management structure and policies, please refer to page 74 of the annual report.
4. Recent annual technological changes have not in fact had a material impact on the Company's industry.

(VI) The impact of changes in corporate image on corporate risk management, and the company's response measures

The company has always adhered to the principle of high quality and excellent service, has a good reputation in the industry, and is also a representative enterprise of quality assurance and trustworthiness. The Company maintains the above excellent corporate image, which is highly recognized by the industry and customers. Therefore, the Company has never had any crisis situation due to the change of corporate image.

(VII) Expected benefits and possible risks of the merger and acquisition: The Company will continue to focus on the core technology of software development and professional service advantages to strengthen the competitiveness of enterprises, so there is no plan to carry out the merger and acquisition.

(VIII) Expected benefits and possible risks of plant expansion: In anticipation of long-term growth prospects, the company has executed a strategic expansion initiative by establishing a new operational facility in Kaohsiung in 2024. To mitigate human resource constraints in the Taipei region, the Kaohsiung branch has been designated as a dedicated software development center. This facility will be responsible for conducting comprehensive training programs to develop and nurture emerging software engineering talent. These initiatives will provide critical support in facilitating the continuous expansion of the company's software development operations and service offerings.

(IX) Possible risks of concentration of goods purchased or sold

During 2023, the Company purchased goods from BestCom, which accounted for approximately 52% of the total purchases for the year, and the main purchases were computer equipment and peripheral products such as advanced servers and mainframes. As it acts as an agent for many brands and has high product stability, the Company has been developing software products in this platform operating environment for many years, and has gradually dispersed its purchase amount in recent years, so the Company has not been exposed to risks.

- (X) Impact and risks on the Company arising from the transfer or replacement of a large number of shares of directors, supervisors, or major shareholders holding more than 10% of the shares: None.
- (XI) Impact and risk of change of management right on the Company: N/A.
- (XII) Issues in dispute, the monetary amount of claims, filing date, counterparties, and status up to the publication date of the annual report where the Company and/or any of its directors, president, de facto person in charge, shareholders with 10% or more share ownership, or affiliated companies are involved in pending litigation, legal proceedings or administrative proceedings, or a final judgment or ruling which may have a material adverse effect on the shareholders' equity or price of securities: None.
- (XIII) Other important risks: Other important risks: The Company's information security risk assessment is conducted in accordance with the "Information Security Risk Assessment Management Procedures" of ISO27001.

VII. Other Important Matters: None.

Chapter 8. Special Disclosure

I. Information on the Company Affiliates:

- (I) Overview of Affiliates: On April 7, 2022, the board of directors of the Company resolved to sell all the shares of HPI Corp, and the Company sold 3,332,000 shares in April 2022. Since the shares were disposed of entirely in June 2023, there is currently no subsidiary for reinvestment.
- (II) Consolidated Financial Statements of Affiliated Enterprises and Report on Affiliations: For details, please refer to pages 118 to 183 .

II. Disclosure of the date and amount approved by the shareholders' meeting or board of directors, the basis and reasonableness for setting the price, the method for selecting specific persons, and the reasons necessitating the private placement in case of private placement of securities in the most recent fiscal year and during the current fiscal year up to the date of publication of the annual report: N/A.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

IV. Other Supplementary Information: None.

V. 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 Occurring During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.

Dimerco Data System Corporation
Statement of Internal Control

Date: March 7, 2024

The Company hereby states the results of the self-evaluation of the internal control system for 2023 as follows:

- I. The Company acknowledges that the establishment, implementation, and maintenance of an internal control system is the responsibility of the Board of Directors and General Managers, and the Company has established an internal control system. The internal control system is designed to provide reasonable assurance for the effectiveness and efficiency of the operations (including profitability, performance, and protection of assets) reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations.
- II. The internal control system has innate limitations. No matter how robust and effective the internal control system is, it can only provide reasonable assurance of the achievement of the foregoing three goals; in addition, the effectiveness of the internal control system may vary due to changes in the environment and conditions. However, the internal control system of the Company has self-monitoring mechanisms in place, and the Company will take corrective action against any defects identified.
- III. The Company uses the assessment items specified in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the “Regulations”) to determine whether the design and implementation of the internal control system are effective. Based on the process of control, the assessment items specified in the Regulations divide the internal control system into five constituent elements: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Supervise operations. Each constituent element includes a certain number of items. For more information on such items, refer to the Regulations.
- IV. The Company has adopted the aforesaid assessment items for the internal control system to determine whether the design and implementation of the internal control system are effective.
- V. Based on the results of the determination in the preceding paragraph, the Company is of the opinion that, as of December 31, 2023, the internal control system (including the supervision and management of subsidiaries), including the design and implementation of the internal control system relating to the effectiveness and efficiency of the operations, reliability, timeliness, and transparency of reporting, and compliance with applicable laws and regulations, are effective and can reasonably assure the achievement of the foregoing goals.
- VI. This statement will constitute the main content of the Company’s annual report and the prospectus and will be disclosed to the public. Any falsehood or concealment with regard to the above contents will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors on March 7, 2024, and out of the seven directors in attendance, none had dissenting opinions of it and all approved the content expressed in this statement.

Dimerco Data System Corporation

Chairman: Szu Wei Chuang (signature and seal)

President: Shu Yi Chang (signature and seal)

Dimerco Data System Corporation

Important resolutions of annual shareholders' meeting, extraordinary shareholders' meeting and board of directors' meeting.

Date	Important Resolutions at Annual Shareholders' Meeting
2023.05.31	<ol style="list-style-type: none"> 1. 2022 Annual Business Report and 2023 Annual Business Plan 2. 2022 Annual Audit Committee Review Report 3. 2022 Annual report on the distribution of compensation to employees and directors 4. 2022 report on the distribution of cash dividends from earnings 5. Disposition and Reinvestment of Equity Holdings in HPI Corp. 6. Recognition of 2022 Business Report, Financial Statement and Consolidated Financial Statement. 7. Recognition of 2022 Annual Surplus Distribution Case 8. Approval of the revision of the Regulations for 2021 Issuing Restricted Employee Stock Options. 9. Approval of the Issuance of 2023 New Restricted Employee Shares 10. Approval of the continuing disposal of the Company's equity interest in the invested company, HPI Corp. 11. Re-election of Directors 12. Approval of the removal of non-compete restrictions for newly elected Directors and their representatives
	Important Resolutions at the Board of Directors' Meeting
2023.03.9	<ol style="list-style-type: none"> 1. Approval of the Proposal of the Company on the Distribution of Profit for the Year of 2022 and the Method of Payment of Compensation to Employees and Directors. 2. Approval of 2022 Business Report, Financial Statements and Consolidated Financial Statements of the Company 3. Approval of the Proposal of the Company to Set the Capital Reduction Record Date for the Cancellation of New Restricted Employee Shares. 4. Approval of the Earnings Distribution Plan for 2022 5. Approval of the revision of the company's "Internal Control System" and "Internal Audit Implementation Rules" 6. Approval of the Issuance of New Shares by Transferring the Earnings to Capital Increase for 2022 7. Approval of the Proposal of the 2023 New Restricted Employee Shares Issuance. 8. Approval of the Re-Election of One Director of the Company 9. Approval of the Proposal for Nomination of (Independent) Director Candidates, and review the qualifications of the Candidates. 10. Approval of Lifting Non-Competition Restrictions on Newly Appointed Directors and Their Representatives 11. Approval of Procedures for Director and Independent Director Nomination, Announcement, Review Criteria, and Operational

	<p>Processes</p> <ol style="list-style-type: none"> 12. Approval of Matters Related to the Convening of 2023 Annual General Shareholders' Meeting 13. Approval of the Proposal of the Internal Control Self-Inspection of the Company for 2022 14. Approval of the Company's 2023 Annual Operation Plan 15. Approval of the Various Salary and Compensation Items of the Company for 2023 16. Approval of the Company's Periodic Assessment of the Independence of the CPAs 17. Approval of the Company's "Audit Procedures for Pre-approval of Non-assurance Services Provided by Certified Public Accountants" and Associated Pre-approved List of Non-assurance Services and Independence Assessment Cases for CPAs
2023.04.19	<ol style="list-style-type: none"> 1. Approval of the relevant information of the Director 2. Approval of the Proposal of Continuous Disposal of the Entire Equity Interest of the subsidiary HPI Corp.
2023.05.05	<ol style="list-style-type: none"> 1. Approval of the Company's Consolidated Financial Statements for the First Quarter of 2023
2023.06.08	<ol style="list-style-type: none"> 1. Approval of the Election of the Chairman of the Board. 2. Approval of the disposition of investment in HPI Corp. 3. Approval of the appointment of the 5th Compensation Committee of the Company 4. Approval of the establishment of the Corporate Governance Officer 5. Approval the amendments to the "Corporate Governance Best Practice Principles" 6. Approval of the Proposal of the Company to Set the Capital Reduction Record Date for the Cancellation of New Restricted Employee Shares
2023.08.08	<ol style="list-style-type: none"> 1. Approval of the Company's Consolidated Financial Statements for the Second Quarter of 2023 2. Approval of the Proposal of Extension of Credit Lines of Yuanshan Branch of Hua Nan Bank, Xinhua Branch of First Bank, Yuanta Commercial Bank Co., Ltd. and Ta Ching Bills Finance Corporation
2023.11.08	<ol style="list-style-type: none"> 1. Approval of the Company's Consolidated Financial Statements for the Third Quarter of 2023 2. Approval of the Proposal of the Company to Set the Capital Reduction Record Date for the Cancellation of New Restricted Employee Shares. 3. Approval of the 2023 New Restricted Employee Shares Issuance 4. Approval of "Standard Operating Procedures for Handling Directors' Requests" 5. Approval of the Proposal of extension of Credit Lines of Chungshan North Road Branch of Chang Hwa Bank,

2023.12.21	<ol style="list-style-type: none"> 1. Approval of “Change of Accounting Firm and Certified Public Accountant” 2. Approval of the Formulation of the Company’s 2024 Audit Plan
2024.03.07	<ol style="list-style-type: none"> 1. Approval of the Proposal of the Company on the Distribution of Profit for the Year of 2023 and the Method of Payment of Compensation to Employees and Directors. 2. Approval of 2023 Annual Business Report, Financial Statements and Consolidated Financial Statements of the Company 3. Approval of the Proposal of the Company to Set the Capital Reduction Record Date for the Cancellation of New Restricted Employee Shares. 4. Approval of the Earnings Distribution Plan for 2023 5. Approval of Distribution of Cash from the Company’s Capital Surplus. 6. Approval of the formulation of the “Code of Practice for Sustainable Development.” 7. Approval of the establishment of the “Sustainable Development Committee,” and the “Sustainable Development Committee Organizational Rules” 8. Approval of Convening the Company’s 2024 Annual General Meeting of Shareholders. 9. Approval of the Purchase Proposal for the Office Building in Kaohsiung 10. Approval of the Company’s “Internal Control System” and “Internal Audit Implementation Rules” 11. Approval of the revision for certain articles of the Company’s “Rules of Procedure for Board Meetings 12. Approval of Revision of the Company’s “Organizational Rules of the Audit Committee” 13. Approval of the Company’s 2023 Internal Control Self-assessment Operation 14. Approval of the Company’s 2024 Operational Plan 15. Approval of the Company’s 2024 Salary and Compensation Items 16. Approval of Regular Assessment of the Independence of the Certified Public Accountant 17. Approval of Revision of the Company’s “Procedures for Pre-approval of Non-assurance Services by Certified Public Accountants,” and the Pre-approval List and Independence Assessment of Non-assurance Services Provided by the Certified Public Accounting Firm

Dimerco Data System Corporation

Chairman: Szu Wei Chuang

President: Shu Yi Chang