

# SYSTEX

A hand holding a globe with a digital network overlay. The globe is surrounded by a complex network of glowing blue and yellow lines and hexagonal shapes, symbolizing technology and global connectivity. The background is a dark teal color with a red diagonal stripe.

## 2022 ANNUAL REPORT

TSE : 6214

Taiwan Stock Exchange Market Observation Post System : <https://mops.twse.com.tw>

SYSTEX annual report is available at [https://tw.systex.com/investors\\_reports](https://tw.systex.com/investors_reports)

Printed on April 25, 2023

# The Information of Company

## 1.Spokesperson & Deputy Spokesperson

### Spokesperson

Name: Chung, Chih-Chun

Title: CFO & Vice President, Corporate Governance Officer

Tel: 886 -2-77201888

E-mail: larryc@systemex.com

### Deputy Spokesperson

Name: Cheng, Deng-Yuan

Title: Chief Strategy Officer & Senior Vice President

Tel: 886-2-77201888

E-mail: dycheng@systemex.com

## 2.Headquarters, Branches and Plant

Headquarters: No.318, Rueiguang Rd., Neihu District, Taipei City, Taiwan, R.O.C

Tel: 886-2- 77201888

Fuxing Branch: 12&13F. No.99, Guangfu N. Rd., Songshan Dist., Taipei City, Taiwan, R.O.C

Tel: 886-2- 25149191

Hsinchu Branch: 3F.-2, No.295, Sec. 2, Guangfu Rd., East Dist., Hsinchu City, Taiwan, R.O.C

Tel: 886-3- 5723322

Taichung Branch: 8F.-1, No.660, Sec. 3, Taiwan Blvd., Xitun Dist., Taichung City, Taiwan, R.O.C

Tel: 886-4-24529698

Kaohsiung Branch: 3F., No. 25, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City, Taiwan , R.O.C

Tel: 886-7-537-9288

## 3.Shares Transfer Agent

Yuanta Securities Registrar and Transfer Agency Department

Address: B1, No.210, Section3, Chengde Road, Taipei, Taiwan, R.O.C

Website: <https://www.yuanta.com.tw>

Tel: 886-2-25865859

## 4.Auditors

Deloitte & Touche Accounting Firm

Auditors: Lin, Shu-Wan; Kuo, Cheng-Hung

Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan, R.O.C.

Website: <https://www.deloitte.com.tw>

Tel: 886-2-27259988

## 5.Overseas Securities Exchange: None.

## 6.Company Website: <https://www.systemex.com>

# Contents

I. Letter to Shareholders .....	1
II. Company Profile.....	4
2.1 Date of Incorporation.....	4
2.2 Company History .....	4
III. Corporate Governance.....	11
3.1 Organization.....	11
3.2 Directors and Management Team.....	15
3.3 Remuneration of Directors and Management Team .....	28
3.4 Implementation of Corporate Governance .....	36
3.5 Information Regarding the Company's Audit Fee .....	75
3.6 Information Regarding the Replacement of CPA .....	75
3.7 Audit Independence.....	76
3.8 Changes in Shareholding of Directors, Managers and Major Shareholders.....	76
3.9 Relationship among the Top Ten Shareholders .....	78
3.10 Ownership of Shares in Affiliated Enterprises .....	79
IV. Capital Overview.....	80
4.1 Capital and Shares .....	80
4.2 Corporate Bonds.....	86
4.3 Preferred share .....	86
4.4 Global Depository Receipts .....	86
4.5 Employee Stock Options.....	86
4.6 Issuance of New Restricted Employee Shares.....	87
4.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions .....	91
4.8 Financing Plans and Implementation.....	91
V. Operation Highlights .....	92
5.1 Business Activities.....	92
5.2 Market, Production and Sales Outlook .....	105
5.3 Human Resources .....	113
5.4 Information on Environmental Protection Costs.....	113
5.5 Labor Relations .....	113
5.6 Cyber security management.....	117
5.7 Material Contracts.....	118
VI. Financial Information .....	119
6.1 Five-Year Financial Summary.....	119
6.2 Five-Year Financial Analysis .....	124
6.3 Audit Committee's Report.....	126
6.4 Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report.....	118
6.5 Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report .....	224

VII. Review of Financial Conditions, Operating Results, and Risk Management.....	303
7.1 Analysis of Financial Status .....	303
7.2 Analysis of Operating Results .....	304
7.3 Analysis of Cash Flow.....	305
7.4 Major Capital Expenditure Items .....	306
7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year.....	306
7.6 Analysis of Risk Management.....	308
7.7 Other Major Risks.....	313
VIII. Special Disclosure .....	314
8.1 Summary of Affiliated Companies .....	314
8.2 Private Placement Securities in the Most Recent Years.....	327
8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years .....	327
8.4 Other Necessary Supplement .....	327
8.5 Any Events in 2021 and as of the Date of this Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan .....	327

# I. Letter to Shareholders

---

Dear Shareholders,

Positioning itself as a Data Software Company, SYSTEX leads the integration of three major ecosystems which are -VAD, Industry, and Mega SI in the post-COVID-19 era. By helping enterprises achieve exponential growth and successfully seizing the growing demand for digital transformation, we have achieved a record-high revenue for 7 consecutive years.

## 2022 Operating Performance

In 2022, SYSTEX achieved an operating revenue of NT\$ (NT\$ hereinafter) 9,126,576,000, a 10.15% increase from 2021. Our net income after taxes in 2022 was \$1,091,229,000. The consolidated revenue in 2022 was \$33,128,852,000, an increase of 12.20% from 2021. The consolidated net income after taxes in 2022 (excluding non-controlling equities) was \$1,091,229,000 and earnings per share was \$4.40.

## 2022 Business Summary

Directing data with software, SYSTEX leads the integration of the data industry ecosystem. Our key business results in 2022 are explained as follows:

- Promoting nine strategic business growth plans with the aim of becoming the largest cloud service company in Taiwan

Aiming to become Taiwan's largest cloud service company, we are developing our own cloud application ecosystem platform service, planning SaaS subscription services model that can satisfy corporate needs, integrating 80 plus self-developed solutions, interfacing the 3 major public clouds, including AWS, Azure, and GCP, as well as the corporate clouds of Oracle and IBM, thereby providing one-stop shopping services. In response to developments in cloud service technology applications, in 2022, SYSTEX set up "Misys Corporation," a micro-service affiliate, assembling nearly 200 professional technicians to form Taiwan's leading micro-service technical team. Other key results included: the establishment of the subsidiary uniXecure, which specializes in cybersecurity and provides nationwide cybersecurity maintenance and monitoring services; moreover, SYSTEX committed to the development of corporate e-commerce services combining Martech solutions, in the hopes of becoming a service company that supports the development of online business models through our technology and data, helping corporate clients develop innovative business models in the post COVID-19 era.

- Promoting green technology solutions to seize business opportunities in the low-carbon transformation

SYSTEX helps businesses align with international trends of ESG sustainability and promote multiple green technology applications, including carbon inventory/footprint and energy management systems. We also assist multiple traditional manufacturing and high-tech manufacturing industries in utilizing software to reduce energy consumption and carbon emissions, and have established a presence in the international supply chain, thus seizing business opportunities in the low-carbon transformation. Furthermore, in response to the age of the Internet of Things, we promote industrial control cybersecurity, cybersecurity collaborative protection, endpoint protection, and other solutions, thus fulfilling the requirements of corporate internal control and legal compliance. In addition, for corporate clients in the financial and retail industries, we launched a smart bill management system, digital insurance enrollment, electronic billing, e-commerce platform, electronic membership and reward points system, digital signatures, remote offices, among other solutions, which not only

# I. Letter to Shareholders

---

reduce paper waste but also improve operational efficiency. In addition, we have connected with partners in the ecosystem, teaming up with the AI+ Generator Program to be jointly selected by Sustaihub. We are also promoting the AI-powered Sustainability Management System (SMS), which assists our corporate customers in promptly compiling materials to produce sustainability reports, making progress in sustainable operations.

## ■ Orchestrating cross-field integration to expand the impact of cooperation

As a data software company, SYSTEX continues to utilize its “5A” (AP, APP, API, Appliance, and Algorithm) core capability and multi-cloud structure and services to magnify its differentiated values in “product portfolios,” “system integration,” “data integration,” “virtual-physical fusion,” “multi-cloud mix,” and “ecosystem integration.” We will also use our “software, data, and computing capabilities” to help Taiwanese enterprises increase their presence in the global market, in the hopes of making SYSTEX a world-class software company. SYSTEX also continues to seek suitable partners in the ecosystem for investments, mergers, alliances, or strategic cooperations, and to pursue high added values and good business growth structures, which include connecting with interactive communication platform Team+, and tapping into the EIM corporate real-time communication and collaboration market. Our subsidiary Nexsys Corporation is also working with ECPay to expand payment services for micro-, small- and medium-sized businesses. Adhering to the sustainable philosophy, “Tech for Social Good,” SYSTEX teamed up with WPG Holdings and Business Weekly to initiate the ESG Technological Innovation Promotion Alliance. Composed by five Taiwan leading technology companies, the alliance supports technological innovations in agriculture, forestry, fishery, and animal husbandry, raising its influence in sustainability through technology. Moreover, we are also collaborating with multiple AGP startups to innovate product portfolios targeting the ESG market, thereby preparing our corporate customers for ESG compliance ahead of time.

## The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

Coming into 2023, global high inflation and the climate crisis will continue to have a huge impact on the global economy. However, a crisis can also be an opportunity. Enterprises have been working on introducing ESG solutions to pursue sustainable development. SYSTEX continues to help businesses plan blueprints of sustainable development, thereby pursuing business growth in ESG and the low-carbon transformation. In addition, as demands for electronic signatures, remote medical care, and cybersecurity are dramatically increasing, SYSTEX’s cross-field software capabilities and fruitful industry scenario application experience will help enterprises implement a multi-cloud structure to solve their pain points in complex information technology environments. SYSTEX is also expected to secure more digital transformation budget from corporate customers and government agencies.

## Business Plan for 2023

### ■ Echoing key issues of business growth and orchestrating the integration of three ecosystems: VAD, Industry, and Mega SI

Tackling key issues of business growth, including sustainable development, e-commerce transformation, new modes of maintenance services, smart cities, digital government, cybersecurity governance, health care and social welfare, smart manufacturing, micro-services, and cloud services, SYSTEX is committed to integrating its internal and external cross-field resources, connecting with domestic and international AI+ ecosystems and startups, and expanding international cooperation. In doing so, it will also form a powerful ecosystem that

# I. Letter to Shareholders

---

orchestrates three major ecosystems-VAD, Industry, and Mega SI—thereby seizing opportunities for business growth.

## ■ Supporting six integration services with six capabilities and providing five new types of services

SYSTEX is continually strengthening its cloud, micro-service, data, computing, software, and cybersecurity capabilities to support its six integration services (product portfolios, system integration, data integration, virtual-physical fusion, multi-cloud mix, and ecosystem integration). By doing so, it can provide customers with digital, maintenance, cybersecurity, cloud, and 5A software services, thus creating unique competitive advantages and added values.

## ■ Leading ecosystem value co-creation and connection developmental value with a focus on the environment and sustainability

Firmly believing that a software talent is the crux of corporate sustainable development, SYSTEX attaches great importance to employees' physical and mental health. Every year, it organizes various sports competitions to encourage employees to maintain the habit of exercising regularly. We continue to optimize our work environment and provide diversified benefits, prioritizing employees' needs. According to individual work categories, we promote varied employee learning and growth programs. We offer employees diversified learning routes, invest in the development of professional competencies for new types of service workers, and encourage employees to blaze the trail of ecosystem value co-creation and to connect with developmental values.

### Future outlook

Through our six core capabilities, we provide cybersecurity, data, cloud, maintenance, and software development, among other new types of services, continue to invest in key growth issues, develop a vital workforce, and introduce external innovative platforms. Exploring new possibilities in innovative services and business models with our clients, we will establish core advantages that cannot be replaced by competitors. Furthermore, focusing on the green environment and sustainability, we will explore ecosystem value co-creation and connect with developmental values, and help our corporate customers quickly accomplish their digital transformation, thereby becoming a strategic technology partner that grows along with clients.

Chairman & President

Lin, Lung-Fen

## II. Company Profile

---

2.1 Date of Incorporation: January 7, 1997.

### 2.2 Company History

- In 2001      Became exclusive distributor for the Found Scan Internet security scan service manufactured by renowned US information security service company Foundstone.  
Launched the Security Operations Center (SOC) to provide Managed Security Services (MSS).  
Systex acquired Ching-Chi and officially entered the finance and mobile commerce sectors.
- In 2002      Launched the Money Market System (MMS) securities and bonds transaction management system.  
Launched the newly updated "Finance Workshop" Internet DynaQuote (iDQ).  
Launched the mobile phone version of "Mobile Winner" finance services.  
Launched Taiwan's first "M-Loan Smart system for Mobile Bank Operations."  
Systex's SOC received Check Point MSP certification.  
Hosted the "Ultimate Hacking Seminar."  
Received the 2002 Software Industry Benchmark Enterprise Award from Commonwealth Magazine.  
Received the 2002 MIS Best Choice Award from the Institute for Information Industry as best outsourced information security service provider.
- In 2003      Systex stocks are listed on the OTC market under stock code 6214.  
Acquired distribution rights for Nokia's complete series of Internet security equipment.  
Launched Taiwan's first interest rate exchange system denominated in NTD - the "Income Winner."  
Became the exclusive distributor for the financial Internet order placement system with the highest market share in Korea "Road to the Future" (RTF).  
The interest rate and futures version of Income Winner was launched and its official trading preceded the bond futures by two months.  
Taiwan's first roadside parking Internet payment system was launched in Taoyuan County.  
Became exclusive distributor for the AirDefense wireless Internet security equipment in the Asia Pacific Region.  
Received the 2003 MIS Best Choice Award from the Institute for Information Industry as best information security consultancy service provider.
- In 2004      Launched Taiwan's first cross-strait Convertible Bond Pricing Analysis (CBPA).  
Acquired 100% of shares in Ucom through stock conversion.  
Hosted the "2004 Infosec Information Security Summit" across Mainland China, Taiwan, Hong Kong, and the Asia Pacific Region.  
Obtained distribution rights for Softnext Technologies' "Spam SQR Mail Filter and Management Platform" in Taiwan and China.  
Hosted the "2004 Fannie Mae Asset Securitization Summit" in Taipei and Shanghai.  
Security Operations Center (SOC) received BS7799 certification.  
Systex OSC consulting services launched outsourced management services for Oracle ERP systems.  
Became the largest enterprise performance strategy and management consultant service partner in Asia Pacific for the world's largest business process management (BPM) brand Hyperion.  
Received the 2004 MIS Best Choice Award from the Institute for Information Industry as best information security consultancy service provider for the third consecutive year.
- In 2005      Merged with the most professional domestic information education training company - Ucom Co., Ltd. on January 1, the baseline date of the merger.  
Merged with the leading securities and bonds company in the domestic software market - Yu-Lung Co., Ltd. on June 1, the baseline date of the merger.



## II. Company Profile

---

- Acquired distribution rights for the Radware smart application switch solution in Taiwan.  
Acquired distribution rights for the CP Secure Internet anti-virus solution.  
Acquired exclusive distribution rights for the Business Objects (BO) Crystal Reports software in Taiwan.
- In 2006 The shareholders' meeting held on June 15 passed the merger with Ching-Yeh Co., Ltd., and Systex was the surviving company. The baseline date of the merger is January 1, 2007.  
Acquired the Business Intelligence (BI) team to integrate its capabilities in professional consulting and product sales, and to enter into the market for commercial intelligent software services.  
Collaborated with MAN Financial (world's largest derivatives broker) in the development of international quotation and transaction services for futures and options. Launched two electronic transaction systems including SGTP (web version) and GPM (AP version).  
Acquired exclusive distribution rights for world leading Business Intelligence (BI) software company Cognos.
- In 2007 Acquired distribution rights for ArcSight in multiple nations throughout the Asia Pacific.  
Became Taiwan's first model company for the management and regulation of intellectual property by passing the TIPS certification.  
Acquired Taiwan Electronic Data Processing Corporation to formally enter the medical information sector as both companies create opportunities in the Asia Pacific medical information service market.  
Collaborated with Farglory Land Development in the creation of the first "Farglory U-City Digital Service Platform" in Taiwan to help Farglory Land Development provide residents with all-new digitized lifestyle convenience.  
Selected as "Enterprise with the Fourth Most Project Management Professional Certification (PMP) in Taiwan."  
Formed a strategic alliance with CA as exclusive distributor for its entire IT management software product line.
- In 2008 Merged with Da-Shih Technology Co., Ltd. on January 1, the baseline date of the merger.  
Announced a strategic alliance with Splunk to acquire distribution rights for its enterprise grade IT search engine in the Asia Pacific Region.  
Acquired distribution rights for the high-level institutional financial electronic transaction solution of RTS Realtime Systems Group of Germany as the only distributor partner in Greater China.  
Acquired distribution rights for the BPM solution of internationally renowned business process management (BPM) software provider Ascentn AgilePoint.  
Launched "Money Link [www.money-link.com.tw](http://www.money-link.com.tw)," the only professional finance portal that integrated Taichung Port financial information.  
Invested in Wealth Group and formally entered the media content industry.  
Became Taiwan's first company to acquire the business continuity management standard (BS25999-2: 2007) certification and became one of the first 20 businesses to acquire the certification.  
The "Systex Advanced Software Development and Integration Methodology" was awarded "Manufacturing Process Innovation" by the Ministry of Economic Affairs in 2008.  
Awarded the Enterprise Group Award in the "2008 Human Resource Innovation Awards" by the Council of Labor Affairs, Executive Yuan.  
Awarded the "2008 Industrial Excellence Award" by the Industrial Development Bureau, Ministry of Economic Affairs.  
Obtained "Capability Maturity Model Integration Level 3" certification and became the only local enterprise with multiple sites for software development in Greater China.

## II. Company Profile

---

- In 2009
- Created Taiwan's first smart analysis and prediction platform "First Winner" that offered research results and predictions on individual stocks of all major securities firms.
  - Launched the first domestic research database monitoring system Systex DB Watch, which provides corporate databases with comprehensive protection.
  - Acquired distribution rights for Tripwire's information change and auditing management solutions.
  - Became the first provider of total solutions with the "Warrant Information Platform" and optimal market maker of the warrants market.
  - The information security team and Kainan University forged academic-industrial collaboration and assisted the "Department of Information & Electronic Commerce" in establishing the "Information Security Laboratory."
  - Collaborated with Samsung Anycall on its official website and provided the "Stock Market Pocket App" download service.
  - Awarded "Enterprise with the Fourth Most Project Management Professional Certification (PMP) in Taiwan" and maintained its position as the local information service company with the most PMPs.
  - Awarded "Annual Digitized Education Material Quality Advancement Prize"; "Western Painting Analysis" education material received the highest AAA certification.
- In 2010
- Collaborated with VMware in providing professional cloud technology consulting services for enterprises and became the first company in Mainland China, Taiwan, and Hong Kong to obtain VMware cloud service certification.
  - UCOM Information Technology Education Center was awarded the "Best Red Hat Training Center" in Greater China.
  - Collaborated with Shenzhen Forms Syntron Information and acquired 30% of its shares for entry into the outsourced financial service in China.
  - Acquired 98.93% of shares in system integrator Taifon Computer Co., Ltd. which became a subsidiary of the Company.
  - System subsidiary Taiwan Electronic Data Processing Corporation and U.S. Company Rimage established the joint venture Rimage Information Technology (Shanghai) Co., Ltd. to develop the healthcare market in China.
  - Established the CAS System Corporation with the Institute of Computing Technology, Chinese Academy of Sciences. This was the first collaboration between a Mainland Chinese government research institute and Taiwanese company as the two parties worked together to forge the next generation of financial information platforms for the financial information market in China.
  - System transferred its listing from the OTC market to the TWSE market; stocks began to be officially traded on December 30.
- In 2011
- Established the "Microsoft Customer Immersion Experience Center" to provide corporate clients with a full demonstration of the benefits of Microsoft's integrated corporate productivity platform solution.
  - Formed a strategic partnership with GRG Banking, the leading ATM manufacturer in China, and acquired distribution rights for GRG Banking's ATMs in Taiwan.
  - Collaborated with international innovation software development company Splunk in establishing the Splunk Innovation Center.
  - Invested in Systemweb Technology to formulate one-stop services for financial asset management.
  - Became exclusive distributor for Veloxum's virtual reality performance optimization solution, which provides companies with "active and continuous optimization" technologies and increases server performance by at least 50%.
  - Became Fujitsu's first licensed corporate IT product distributor in Taiwan and distributed ROR

## II. Company Profile

---

cloud-based management software, servers, and storage facilities.

Awarded "Enterprise Project Management Benchmarking Award" and "Best Practice on Project Management Award" by the International Project Management Association.

Conducted simplified merger with subsidiaries Ching-Ho Information Co., Ltd. and Ching-Feng Information Co., Ltd.; the baseline date of the merger was June 1.

- In 2012
- The Information Management and Integration Service Department led the industry in acquiring Taiwan's first British Standards Institution (BSI) BS 10012 Personal Information Management System certification.
  - Acquired distribution rights for the MobileIron mobile application security solution.
  - Became the first Managed Mobility Services (MMS) partner certified by SAP.
  - Became exclusive distributor for BlueCat Networks IP management solution, which helps enterprises painlessly integrate IPv4 and IPv6 and manage IP with ease.
  - Developed the mobile payment market by acquiring 100% of shares in Nexsys Corporation.
  - The Etu innovative big data platform product Etu Appliance was awarded the 2012 TAITRONICS Technology Innovation Quality Award.
  - System's own brand Etu Appliance was awarded "Excellent Information Application and Product Award" in the 2012 IT Month and was the first big data processing platform to win the IT Month selection.
  - System became the only company in the IT service industry to receive the "Enterprise Employment of Disabled Individual Exceeding Required Amount Certification" issued by the Bureau of Labor of Taipei City Government.
  - Following System's collaboration with international big data firm Splunk in establishing the first Splunk Lab in Asia Pacific, the parties worked together again in establishing the first "Licensed Splunk Training Center" in Greater China.
  - System became Apple's authorized corporate distributor and acquired the complete series of products from the global mobile device leader to provide enterprises with one-stop software and hardware services.
- In 2013
- System's UCOM Information Technology Education Center became the exclusive distributor for all international information security certification courses offered by EC-Council.
  - System's own brand Etu was recognized by the Chinese media as the "Big Data Innovation Enterprise in 2012" and was the only original big data solution brand from Asia.
  - Syspower Corporation of System Group established a distribution agreement with Yonyou Network, the largest management software company in China, for exclusive distribution rights in Taiwan's finance sector so as to forge definitive advantages for Taiwanese finance businesses in the Mainland China market.
  - Etu received the "2013 Big Data Excellent Product Award" in China, the sixth award since its launch.
  - System Software & Service Corporation of System Group became authorized reseller of Microsoft Surface for Business and teams up with Microsoft to develop the tablet market.
  - Etu Recommender received the highest honor of Golden Award at the 2013 IT Month against hundreds of innovative new products. System became the only company who won awards at IT Month with different big data products in two consecutive years.
- In 2014
- System provided exclusive sponsorship for Taiwan's first "information science program" as Etu joined forces with Code for Tomorrow to form Taiwan's first formal data science program team in.
  - System allied with global application network technology leader A10 Networks to provide comprehensive corporate network information security products.

## II. Company Profile

---

System teamed up with Amiya, a Japanese company that specializes in corporate information security and audit management, to embrace the dynamic and high-security network and IT management services for "concurrent backup with 4G and cable transmission" made possible through 4G transmission.

Syspower Corporation of Systex Group teamed up with international Business Intelligence (BI) firm Qlik to train big data management talent and established the first "Qlik Authorized Training Center" in Taiwan.

UCOM Information Technology Education Center of Systex Group partnered with Cloudera, leading provider of Hadoop solutions for analyzing big data, and introduced Hadoop training courses.

Systex worked with global data visualization leader Tableau to provide visualization analysis solutions.

In 2015 Systex and Chunghwa Telecom joined forces in the development of the corporate information security product "EyeQuila," which became a leading product on the market.

Systex established the App Center and Mobile Creativity Incubation Center in Taichung.

Systex Software & Service Corporation of Systex Group teamed up with Gridow for development of the evPlay corporate cloud video service.

Systex teamed up with Sunlight Technology, China's largest smart hotel cloud service platform, to build a brand new hotel cloud service platform for hotels with four or more stars.

Systex launched the "securities online account opening platform," Taiwan's first online securities account opening solution that integrated "video certification" and "CA certification."

In 2016 UCOM Information Technology Education Center launched the Amazon Web Services (AWS) series courses and became Taiwan's only AWS authorized training center.

Systex subsidiary Medincom Technology launched the "External Hospital Information Upload Workstation" to simplify the procedures for integrating information between hospitals, effectively reducing 80% of tasks previously required for importing images from external hospitals.

Systex launched the "FundRich Securities" fund platform which became Taiwan's first successful real-world FinTech application.

Systex partnered with Far Eastern Group to construct an O2O retail ecosphere and launched the "Market Shopping" platform on the friDay Wallet app.

Systex Software & Service Corporation of Systex Group maintained its leading position in providing Microsoft services to large corporate clients; the Company won the Microsoft Partner Hero Award for the 12th consecutive year.

In 2017 Invested in FinTech startup company INSTO.

Invested in Gemini Data for US and global business expansion.

Developed NLP (Neuro Linguistic Programming) technology, and applied in customer service for financial industry.

Awarded the 4th "Taiwan Mittelstand Award" held by the Taiwan Ministry of Economy Affairs.

Offering e-gift certificate service to realize O2O operation.

In 2018 Invested in FinRobo Advisor Securities Investment Consulting Co., Ltd. to expand FinTech product services.

Strategic cooperated with SenseTime, IFLYTEK, MS, IBM to bring AI related technology into Taiwan market to develop industry applications locally.

Kick off "AI+ Generator" Program to engage outstanding AI startups with enterprise to prove of solution concept in early stage of go-to-market.

Invested in Shengsen Corp. and Forg-jump Information Co., Ltd. for expanding the human outsourcing team.

## II. Company Profile

---

- Invested in Retail System Co., Ltd.
- Invested in Dawning Technology Inc. for expanding product agent portfolio and integrating marketing channels.
- Concord System Management Corp. of Systex Group invested in Top Information Technologies Co., Ltd. to 98.59%
- In 2019
- Syspower Corp., a subsidiary of SYSTEX, has released the world's first "Sarcopenia intelligent pre-screen system" with standard medical image transmission to create a long-term and elderly care environment.
  - SYSTEX was crowned the "Happiness Enterprise" in IT industry category by 1111 Job Bank.
  - Exclusive agent for the Knowtions Lydia AI platform solutions which can make predictions on insurance fraudulent behaviors by building people profiles and learning healthcare behaviors.
  - System Software & Service Corp. won Microsoft's 2019 Taiwan Partner of the Year Award.
  - SYSTEX Independently Developed NLP Combining with RPA and OCR to Build Intellectual Fintech Robot "Robelf"
  - Syspower Corp. announced an AI-driven cloud system to create seamless and integrated smart medical services from home to hospital.
  - Syspower Corp. and Taichung Veterans General Hospital released the first "OSCE Clinical Skills Test Online Evaluation System" in Taiwan, which comprehensively promotes the standardization of evaluation in all job categories for medical care industry.
  - Invested in Fuco Technology Co., Ltd.
  - Invested in Aiwin Technology Co., Ltd.
  - Invested in Neweb Information Co., Ltd. to integrate IT services ecosystem.
  - Enlisted the team of Zechster Information Technology Co., Ltd.
- In 2020
- Donated the scholarship of NT\$3 million to National Taiwan Normal University.
  - Invested in E-service Information Co. to nearly 60%.
  - Established the cloud brand "GARAOTUS" to lock in the international cloud market.
  - Invested in Baoruh Electronic Co., Ltd.
  - Invested in Taiwan Information Service Technology Corporation.
  - System Software & Service Corp. passed ISO 27001 information security management system certification.
  - Awarded the "Excellent Unit for Green Purchasing and Green Consumption Promotion" by the Environmental Protection Administration of the Executive Yuan in 2020.
  - Awarded the "2020 Taipei City Private Enterprises and Organizations' Green Purchasing Performance" by Taipei City Government's Department of Environmental Protection.
  - YTP (Young Turing Program) got the Silver Award of "CSR Impact Award of PwC Taiwan".
  - Awarded the "Sports Enterprise Certification in 2020" certification mark by the Sports Department of the Ministry of Education.
- In 2021
- The Company stationed in Shalun Smart Green Energy Science City in Tainan to connect Green Energy Industry Ecosystem.
  - Awarded the "Excellent Unit for Green Purchasing Promotion" by the Environmental Protection Administration of the Executive Yuan in 2021
  - SYSTEX and subsidiaries, System Software & Service Corp., System Solutions Corp., Syspower Corp. and Taifon Computer Co., Ltd. awarded the "2021 Taipei City Private Enterprises and Organizations' Green Purchasing Performance" by Taipei City Government's Department of Environmental Protection.

## II. Company Profile

---

System Software & Service Corp. passed the Certification of Azure Expert MSP by Microsoft.

Passed the Certification of ISO 14001, ISO 14064-1 and ISO 50001.

Invested in CKmates International Co., Ltd.

Invested in Teamplus Technology Inc.

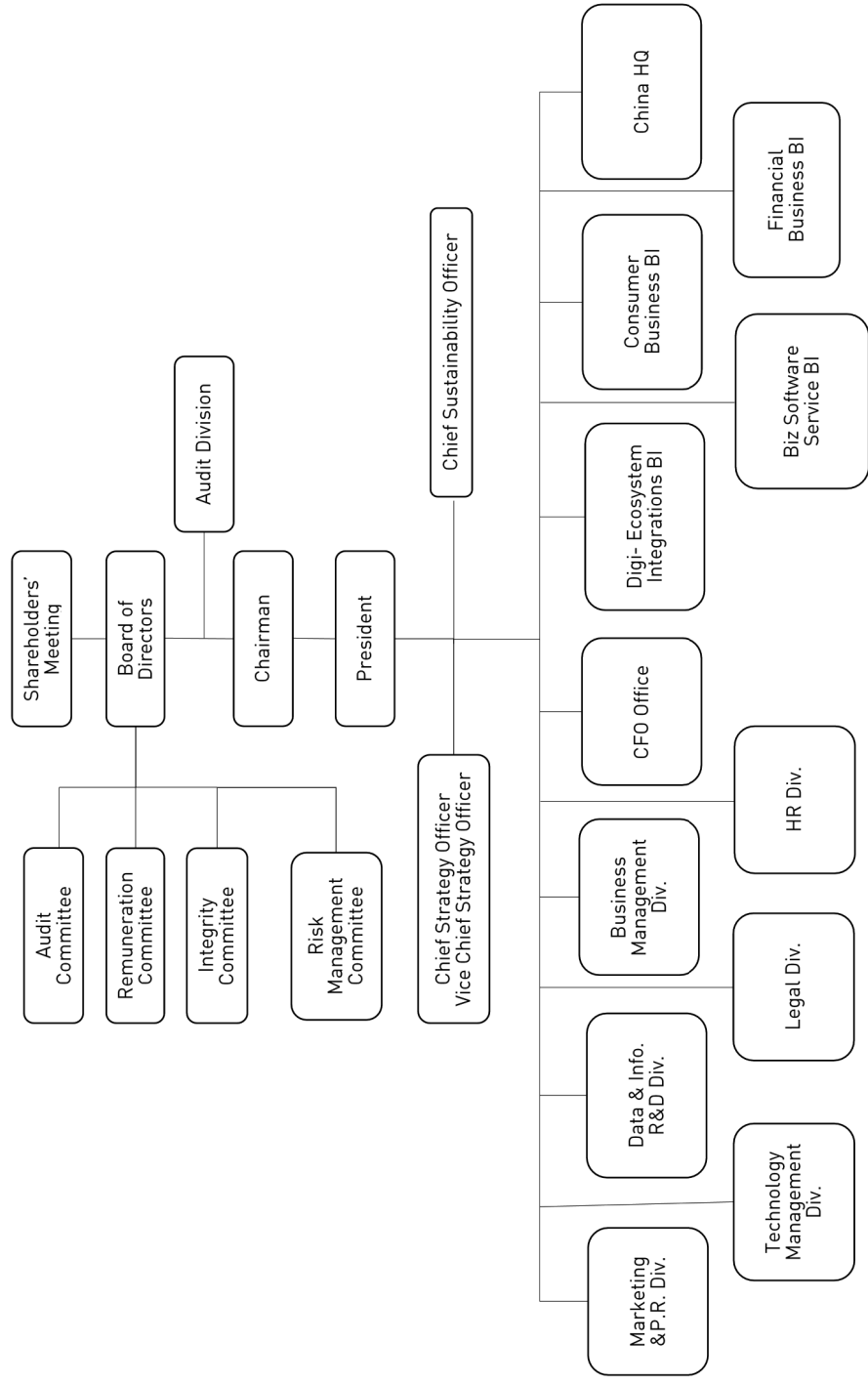
- In 2022
- Deeply supporting the products and services of the "Social Innovation Organization", won the "2022 Buying Power Social Innovation Reward – Third Prize" by the Ministry of Economic Affairs.
- SYSTEX and subsidiaries, System Software & Service Corp., Syspower Corp., System Solutions Corp., Taifon Computer Co., Ltd. and Palsys Digital Technology Corp. awarded the "2022 Taipei City Private Enterprises and Organizations' Green Purchasing Performance" by Taipei City Government's Department of Environmental Protection.
- Obtained the "Badge of Accredited Healthy Workplace" by the Ministry of Health and Welfare in 2022.
- Reward the "2022 Work-Life Balance Award – Family-Friendly Award" by Ministry of Labor.
- Obtained the "2022 Corporate Hire Athletic Instructor Program Award" by Sports Administration, Ministry of Education.
- Won the "2022 Happy Enterprise Award" by 1111 Job Bank.
- Obtained ISO 14064-1 Greenhouse Gas Verification Statement, and maintain the validity of ISO 14001 Environment Management System Certification, ISO 50001 Energy Management System Certification and ISO 45001 Occupational Health and Safety System Certification.
- Invested in QFPay in Hong Kong.
- Invested in Aillumission Co., Ltd. in Japan.
- In 2023
- Agents global network and endpoint security brand, Sophos, and work with the subsidiary uniXecure to provide local enterprises a comprehensive cybersecurity protection.
- Cooperates with graph data startup, Gemini Data, to launch Taiwan's first Open AI commercial applications for business.
- Cooperates with American information security company Rapid7 to introduce the one-stop information security platform service.
- Launches e-Commerce multi-channel management platform, OneEC, to assist brand companies in an easy and efficient way to boost their sales on omnichannel marketing

# III. Corporate Governance

## 3.1 Organization

### 3.1.1 Organizational Chart

As of February 1, 2023



## III. Corporate Governance

### 3.1.2 Major Corporate Functions

Department	Functions
Audit Division	Audit Division conducts independent and objective assessment of the effectiveness of the Company's internal control system, follows up on improvement of irregularities, reviews the self-assessment procedures in the internal control system, and reasonably ensures compliance with company policies and regulations.
CFO Office	CFO Office is responsible for financial accounting, management accounting, budget planning, investment management, fund management, Board of Directors meetings, shareholder services, and ensuring compliance with regulations stipulated by competent authorities. The CFO Office is also in charge of supervising the financial accounting departments of domestic and overseas business units for the purpose of establishing a consistent domestic and overseas financial accounting management system and institution.
Human Resources Division	Human Resources Division is responsible for planning human resource policies, regulations, and operating procedures including: human resources planning, organizational design and planning, recruitment and appointment, training and development, salary and benefits, performance management, promotion of employee relations and corporate culture etc. It is also responsible for the supervision of departments that oversee human resource management in affiliate enterprises as well as the planning and management of property security, cleaning, catering, electrical and mechanical appliances, air conditioning, machinery and equipment, and telecommunications systems.
Business Management Division	Business Management Division is responsible for related services in support of commercial operations including: trading, procurement, material control and warehousing, accounts, sales support, planning and execution of information procedures, and establishment of finance related information systems. It also supervises receivables in sales, inventory, daily tasks in shipment preparation and borrowing, and risk management of material and irregular transactions. The Commerce Department also supports the strategic plans, performance management and follow-up, investment performance analysis, public relations, and marketing events for the entire Group.
Legal Division	Legal Division is responsible for reviewing various commercial contracts, providing recommendations and control items for contract formulation/amendment, processing litigation/non-litigation, managing intellectual property rights affairs, providing the management team and managerial officers with necessary legal consultation, and conducting training on related legal knowledge.
Data & Information R&D Division	Responsible for "Data Capacity", "Information" and "Research and Development", including assisting and supporting the Group to apply data capacity to create data value. Responsible for the Group's information systems, network architecture, information security, process implementation and daily maintenance to connect with system data, and developing the systems and services required by the Group or industry.
Technology Management Division	Responsible for project and contract management, implementation of policies and regulation, establishing the PM collaborative managing mechanism, and pursuing the



### III. Corporate Governance

Department	Functions
	application of the project management tool platforms and PM talent training and grade testing.
Marketing & P.R. Division	Integrate the Group's marketing resources, gather customer analysis and interdepartmental cooperation, utilize public relations and digital marketing exposure, cultivate a positive image, and convey the Group's unique and diversified values.
Digi- Ecosystem Integrations BI (Note 1)	Operating the data ecosphere, distributing and self-developing the world-class software/hardware products, solutions and operation centers. Using 5A (AP, APP, API, Appliance and Algorithm) cross-industry software capabilities as core competency to apply 4C(Cloud Migration, Application, Management and Security) cloud services scenarios and to provide green energy technology and information security services. Taking customer needs as the core to provide value-added services for enterprise customers. By focusing on hybrid multi-cloud, high-efficiency computing on HPC (High Performance Computing), Internet of Things and data insights, to assist enterprises to pursue innovative digital transformation and profit growth. Furthermore, providing comprehensive professional training courses to help companies to cultivate talent.
Biz Software Service BI (Note 2)	Provides cloud, cyber security, digital transformation, and other solutions, including value-added services of sales and technology for products from Microsoft and other domestic and foreign manufacturers, as well as various IT integrated services. Assists businesses in using public clouds, private clouds, hybrid clouds, and other cloud services, establishes cloud architectures, and utilize cloud resources. Customizes especially for big corporate customers by creating the most appropriate procurement plans and solutions for each customer according to their respective business scale, external environmental requirements, or internal complaint audits.
Consumer Business BI (Note 3)	Applying the latest IT software technology to connect data and help clients from retail, food, banking, insurance industries and government to seize the trend and business opportunity. Focus on customers to develop various innovating and unique daily life services, mobile services, financial services, data services and transportation services, including the integration services regarding to B2B/B2C enterprise e-commerce, CDP data platform, electronic voucher customer introduction services and customer retention services for prepaid cards, various smart travel and vehicle application solutions such as multiple paperless payment, EV charging services, digital dash cam, financial distant video services,, insurance technology and mobile services, etc. In addition, providing data management services, including billing business process outsourcing services, interactive electronic billing and providing local cloud services, as well as digital printing, archaeological surveys and digital collection.
Financial Business BI (Note 4)	Financial Business Integration provides comprehensive, cross-border financial content and information services for multiple markets including securities, futures, warrants, bonds, bills, foreign exchange, and funds as well as secure information transaction platforms for multiple financial products in order to satisfy the business application software and solution requirements of financial institution clients and

### III. Corporate Governance

Department	Functions
	<p>investors, including information, trading, operations and management, finance, wealth management, risk management, asset management, and IT management.</p> <p>In response to trends in cloud, mobility, and artificial intelligence, Financial Business Integration also uses the professional finance transaction network as the basic cloud development model to provide the finance industry with quick selections in the formulation of finance information and professional transaction services. At the same time, it also creates and develops mobile services with leading clients in various industries to successfully forge new applications in portal sites, financial holding, securities and futures, investment consulting, insurance, telecommunications, logistics and transportation, and medical facilities etc. and create new standards for corporate services.</p>
China HQ (Note 5)	<p>Headquarters of China distributes world-class software, added-value technologies, capabilities and professional services. It also employs intensified system integration capabilities to provide large-scale clients with customized services and become their long-term partners. The team also seeks out investment opportunities in new sectors in the Chinese market to develop products and services native to the finance sector on both sides of the strait. It is also responsible for integrating the related administrative and management affairs of subsidiaries in China.</p>

Note 1: Digi- Ecosystem Integrations BI is covering subsidiaries, including: Taifon Computer Co., Ltd, Taiwan Information Service Technology Corp., Dawning Technology Inc., Smartsys Technology Corp., uniXecure Technology Corp., Palsys Digital Technology Corp. and Docutek Solution, Inc.

Note 2: Biz Software Service BI is covering subsidiaries, including: Systex Software & Service Corp.

Note 3: Consumer Business BI is covering subsidiaries, including: Nexsys Corp., Systex Solutions Corp. and E-service Information Corp.

Note 4: Financial Business BI is covering subsidiaries, including: Softmobile Technology Corp., Syspower Corp., Naturint Ltd., Concord System Management Corp., Top Information Technologies Co., Ltd. and MISYS Corp.

Note 5: China HQ is covering subsidiaries in China (Hong Kong) , including: Systek Information (Shanghai) Ltd., Sysware Shenglong Information Systems Co., Ltd., Systex Group(China) Ltd., Systex Rainbow Tech Inc., Systex Rainbow (Shanghai) Information Co., Ltd., Systex Ucom (Shanghai) Information Ltd.Co., Systex Information (H.K.) Ltd. and Rainbow Tech Information (HK) Limited.

3.1.3 Informantion of Subsidiaries: Please refer to pages 314~327.

## III. Corporate Governance

### 3.2 Directors and Management Team

#### 3.2.1 Directors

As of March 27, 2023

Title/Name (Note 1)	Nationality / Country of Origin	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 (Note 2)	Executives, Directors who are spouses or within two degrees of kinship			Remarks	
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation		
Chairman / Lin, Lung-Fen	R. O. C.	Male 56-65	May 26, 2022	3	March 28, 2002	1,324,762	0.49	1,324,762	0.49	263	-	-	-	EMBA, CEIBS Master's degree in Computer Science, University of the Pacific	Note 5	-	-	-	Note 3	
Director/ Cheng, Deng-Yuan	R. O. C.	Male 56-65	May 26, 2022	3	March 28, 2002	153,152	0.06	153,152	0.06	-	-	-	-	EMBA, Fudan University Fu Jen University, Dept. of Accounting	Note 6	-	-	-	-	
Director/ Huang, Ting-Rong	R. O. C.	Female 45 under	May 26, 2022	3	June 17, 2016	242,152	0.09	242,152	0.09	-	-	-	-	MBA, Waseda University	Note 7	Director	Huang, Chi-Rong	two degree	-	
Director/ Huang, Chi-Rong	R. O. C.	Female 45 under	May 26, 2022	3	June 17, 2016	633,780	0.24	633,780	0.23	-	-	-	-	Wharton School of the University of Pennsylvania, Dept. of Economics	Note 8	Director	Huang, Ting-Rong	two degree	-	
Director/ Lu, Ta-Wei	R. O. C.	Male 56-65	May 26, 2022	3	June 13, 2007	415,656	0.15	415,656	0.15	2,050,390	0.75	-	-	Tunghai University, Dept. of Chemistry	Note 9	-	-	-	-	
Director/ Shaw, Shung-Ho	R. O. C.	Male 66-75	May 26, 2022	3	March 28, 2002	1,027,475	0.38	1,096,475	0.40	229,201	0.09	-	-	MBA, National Chengchi University	Note 10	-	-	-	-	
Director/ Hsieh, Chin-Ho	R. O. C.	Male 56-65	May 26, 2022	3	June 18, 2010	20,000	0.01	20,000	0.01	-	-	-	-	Master Degree in Graduate of East Asian Studies, National Chengchi University	Note 11	-	-	-	-	
Director/ Lin, Chih-Min (Representative of Hanmore Investment Corp.)	R. O. C.	Male 66-75	May 26, 2022	3	June 13, 2007	5,540	-	5,540	-	-	-	-	-	National Taiwan University, Dept. of Law	Note 12	-	-	-	-	
						21,316,678	7.91	21,316,678	7.83	-	-	-	-							

### III. Corporate Governance

As of March 27, 2023

Title/Name (Note 1)	Nationality /Country of Origin	Gender Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangemen		Experience (Education)	Other Position (Note 2)	Executives, Directors who are spouses or within two degrees of kinship		Remarks
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	
Director/ Wu, Cheng-Huan (Representative of Hanmore Investment Corp.)	R. O. C.	Male 56-65	May 26, 2022	3	June 13, 2019	629	-	629	-	-	-	-	-	Fu Jen University, Dept. of Business Administration	Note 13	-	-	-
Independent Director/ Cheng, Wen-Feng	R. O. C.	Male 66-75	May 26, 2022	3	June 21, 2013	-	-	-	-	845	-	-	-	Master Degree in Chemical Engineering, National Tsing Hua University	Note 14	-	-	-
Independent Director/ Lai, Chien-Hua	R. O. C.	Male 56-65	May 26, 2022	3	June 13, 2019	-	-	-	-	-	-	-	-	Feng Chia University, Dept. of Business Administration	Note 15	-	-	-
Independent Director/ Huang, Tai-Lun	R. O. C.	Male 56-65	May 26, 2022	3	May 26, 2022	-	-	-	-	-	-	-	-	Master Degree in University of Michigan Ann Arbor	Note 16	-	-	-

Note 1: Institutional representatives shall indicate the names of the institutional shareholders and fill in the information specified in Table 1 below.

Note 2: Concurrent positions as of the date of publication of the annual report.

Note 3: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

The chairman of the company also serves as the general manager, in order to improve operating efficiency and decision-making execution. The chairman of the board of directors also closely communicates with the directors on the company's current operating conditions and planning guidelines in order to implement corporate governance.

The measures adopted in response thereto:

(1) The current three independent directors are specialized in financial and accounting affairs, leadership, operation and investing management, and can effectively perform their supervisory functions.

(2) More than half of the directors of the company do not concurrently serve as employees or managers.

(3) The audit committee and remuneration committee of the company are composed of three independent directors. Independent directors can fully discuss and put forward suggestions in each functional committee for the reference of the board of directors to implement corporate governance.

Note 4: It is expected that one more independent director will be elected in 2023, and the number of independent directors will increase to four, making the board of directors more independent.

### III. Corporate Governance

Note 5: President of SYSEX Corp.

Chairman, representative of Ching Pu Investment Corp., Golden Bridge Information Corp., Syslink Corp., Smartsys Technology Corp., Syswiser Technology Corp.  
 Director, representative of Systex Software & Service Corp., Syscore Corp., Systlong Corp., SoftMobile Technology Corp., Systex Solutions Corp., Syspower Corp., and Naturint Ltd.  
 Director, Kimo.com (BVI) Corp., Systex Capital Group, Inc. and Systex Solutions (HK) Ltd.

Note 6: Chief Strategy Officer of SYSEX Corp.

Chairman, Systex Information (H.K.) Ltd. and Rainbow Tech Information (HK) Limited  
 Director, Shenzhen Sunlight Technology Co., Ltd.  
 Supervisor, Suntex Technology (Shenzhen) Co., Ltd.

Note 7: Independent Director, Chipbond Technology Corp.

Executive Director, Asiavest Capital Co., Ltd.  
 Director, Joway Investment Co., Ltd. and Joray Co., Ltd.

Note 8: Executive Director, Asiavest Capital Co., Ltd.

Director, representative of Taiwan Hopax Chems. Mfg. Co., Ltd.  
 Director, Joway Investment Co., Ltd. and Joray Co., Ltd.

Note 9: Chairman, Firstweb Limited

Note 10: Chairman, Liang Hsin Finance Corp.

Director, Scientech Corp., ALi Corp. and Sundia Meditech Group

Note 11: Chairman, representative of Wealth Media Corp., Investment Media Ltd., Genetinfo Inc., Wealth Magazine Co., Ltd. and Business Today Publisher

Chairman, Business Today Co., Ltd.

Director, representative of Cashbox Partyworld Co., Ltd. and Business Today Marketing Corp.

Director, Diancan Art & Collection Ltd.

Note 12: Director, representative of Hanmore Investment Corp.

Note 13: Chairman, representative of Hanmore Investment Corp.

Note 14: Independent Director, Chipbond Technology Corp.

Note 15: Consultant, LoreMaster Tech Inc. and Jades Integrate Co., Ltd.

Note 16: Chairman, GCS Holdings, Inc.,

Independent Director, Egis Technology Inc. and ALi Corp.

Director, Parade Technologies, Ltd., Amulaire Thermal Technology, Inc., InnoCare Optoelectronics Corp.,

Unikorn Semiconductor Corp., and TceraCo., Ltd.

Director, representative of GCS Device Technologies, Co., Ltd.

Table1- Major shareholders of the institutional shareholders

As of March 27, 2023

Name	Major Shareholders
Hanmore Investment Corp.	SYSTEX Corp., (48.92%), Joway Investment Co., Ltd. (29.63%), Asiavest Capital Co., Ltd.(21.18%), Dekang Enterprise Management Co., Ltd.(0.12%), Joray Co., Ltd.(0.10%), Chiang, Ming-Sung(0.04%), Chiu, Shu-Chu(0.01%), Chan, Wei-Hsun(0.01%)

Name	Major Shareholders
SYSTEX Corp.	Please refer to pages 78.
Joway Investment Co., Ltd.	Huang, Ting-Rong (28.96%), Huang, Chi-Rong (28.96%), Ho, Mei-Yii (22.08%), Huang, Tsong-Jen (19.27%), Joray Co., Ltd. (0.73%)
Asiavest Capital Co., Ltd.	Ho, Mei-Yii (42.18%), Huang, Tsong-Jen (34.22%), Huang, Ting-Rong (11.80%), Huang, Chi-Rong (28.96%),
Dekang Enterprise Management Co., Ltd.	Tang, Kue-Fang
Joray Co., Ltd.	Ho, Mei-Yii (34.97%), Huang, Ting-Rong (29.84%), Huang, Chi-Rong (29.84%), Huang, Tsong-Jen (5.35%)

### III. Corporate Governance

#### A. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors

As of March 27, 2023

Name	Criteria	Professional qualifications and experience(Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
Lin, Lung-Fen	He has been the chairman of the company since December 2020, and has been the President since 2009. He has led SYSTEX and its subsidiaries to make steady progress, continue to carry out strategic acquisitions, mergers and integrations, and strengthen the professional energy of SYSTEX ecological integration. Build a complete service network across the Mainland, Taiwan and Hong Kong, with excellent operating performance.	<ul style="list-style-type: none"> <li>(1) The President of SYSTEX.</li> <li>(2) The Director of SYSTEX's Subsidiaries.</li> <li>(3) He and spouse are holding 1,325,025 shares (0.49%) of SYSTEX.</li> <li>(4) Except for the above, the others still maintain independence in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</li> </ul>	0	
Cheng, Deng-Yuan	In 2000, he joined the company as the chief financial officer, during which he promoted the company's OTC listing and major merger and acquisition cases. He has been appointed Chief of Staff since January 2009 and is in charge of China market operations.	<ul style="list-style-type: none"> <li>(1) The Chief Strategy Officer of SYSTEX.</li> <li>(2) The Director of SYSTEX's Subsidiaries.</li> <li>(3) He and spouse are holding 153,152 shares (0.06%) of SYSTEX.</li> <li>(4) Except for the above, the others still maintain independence in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</li> </ul>	0	
Huang, Ting-Rong	She has practical experience in business management and financial accounting affairs.	<ul style="list-style-type: none"> <li>(1) The director of Joray Co., Ltd. which holds 5% or more of the total number of issued shares of SYSTEX.</li> <li>(2) He relatives within the second degree of kinship with Huang, Chi-Rong.</li> <li>(3) She is holding 242,152 shares (0.09%) of SYSTEX</li> <li>(4) Except for the above, the others still maintain independence in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</li> </ul>	1	

### III. Corporate Governance

Name \ Criteria	Professional qualifications and experience(Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
Huang, Chi-Rong	She has practical experience in business management and financial accounting affairs.	(1) The director of Joray Co., Ltd. which holds 5% or more of the total number of issued shares of SYSTEX. (2) He relatives within the second degree of kinship with Huang, Ting-Rong. (3) She is holding 633,780 shares (0.23%) of SYSTEX. (4) Except for the above, the others still maintain independence in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
Lu, Ta-Wei	He has extensive practical experience in the IT industry.	Except for himself and his spouse holding a total of 2,466,046 shares (0.91%) of SYSTEX's shares, The rest still meet the independence conditions stipulated in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
Shaw, Shung-Ho	He has extensive practical experience in business management, investment and mergers and acquisitions.	Except for himself and his spouse holding a total of 1,325,676 shares (0.49%) of SYSTEX's shares, The rest still meet the independence conditions stipulated in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
Hsieh, Chin-Ho	He has extensive practical experience in investment trend exploration, industry dynamics and cross-strait relations.	Except for himself holding a total of 20,000 shares (0.01%) of SYSTEX's shares, The rest still meet the independence conditions stipulated in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0

### III. Corporate Governance

Name	Criteria	Professional qualifications and experience(Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
Lin, Chih-Min	He has extensive practical experience in handling legal affairs.	<p>(1) He is the representative of the corporate director of Hanmore Investment Corp., the SYSTEX's the corporate director and subsidiary.</p> <p>(2) He is holding 5,540 shares (0%) of SYSTEX.</p> <p>(3) Except for the above, the others still maintain independence in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</p>	0	
Wu, Cheng-Huan	He has extensive practical experience in financial planning and investment management, and is familiar with financial products and capital market operations.	<p>(1) He is the representative of the corporate director of Hanmore Investment Corp., the SYSTEX's the corporate director and subsidiary.</p> <p>(2) He is holding 629 shares (0%) of SYSTEX.</p> <p>(3) Except for the above, the others still maintain independence in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".</p>	0	
Cheng, Wen-Feng	From May 1999 to September 2021, he served as the chairman and general manager of the listed company Boardtek Electronics Corp., and served as an independent director of Chipbond Technology Corp. and a director of Sandia Medical Technology Group, Possess professional skills in operational judgment, business management, leadership decision-making, and crisis management.	All meet the independence conditions stipulated in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	1	



### III. Corporate Governance

Name	Criteria	Professional qualifications and experience(Note 1)	Independence analysis (Note 2)	No. of other public companies at which the person concurrently serves as an independent director
Lai, Chien-Hua		He served as the CFO of the company from August 2008 to May 2014. He has extensive practical experience in the IT industry and financial and accounting affairs, and is familiar with the company's business financial status and internal control system and to provide advice.	All meet the independence conditions stipulated in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	0
Huang, Ta-Lun		He is the chairman of GCS Holdings, Inc., and the independent directors of Egis Technology Inc. and ALi Corp. Possess professional skills in operational judgment, business management, leadership decision-making, and crisis management.	All meet the independence conditions stipulated in Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".	2

Note 1: The Experience (Education) and other position of each Director, please referred page 15~17.

Every Director has not been a person of any conditions defined in Article 30 of the Company Law.

Note 2: Independence analysis is according to Article 3 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

## III. Corporate Governance

---

### B. Diversity and Independence of the Board of Directors:

On March 19, 2015, the board of directors of the company passed the "Corporate Governance Best Practice Principles", and set out a diversity policy in Chapter 3 "Enhancing the Functions of the Board of Directors".

The nomination and selection of members of the board of directors follows the provisions of the company's "Articles of Incorporation", adopts the candidate nomination system, and follows the "Rules for Election of Directors" and "Corporate Governance Best Practice Principles" to ensure the diversity and independence of the board members.

There are 12 members of the tenth board of directors (including 3 independent directors), except for 2 female members, Ms. Huang, Ting-Rong and Ms. Huang, Chi-Rong, who are good at business management and financial accounting affairs; good at leadership, operational judgment, business management, crisis Those who deal with industry knowledge and international market views include Mr. Lin, Lung-Fen, Mr. Cheng, Deng-Yuan, Mr. Lu, Ta-Wei, Mr. Shaw, Shung-Ho and Mr. Wu, Cheng-Huan; Mr. Hsieh, Chin-Ho, who specializes in domestic and foreign financial affairs; Lin, Chih-Min, who specializes in legal affairs As for the three independent directors including Mr. Lai, Chien-Hua, Mr. Cheng, Wen-Feng and Huang, Ta-Lun, they are specialized in financial and accounting affairs, leadership, operation and investing management respectively.

There are 16.67% of women and directors with employee status, two directors are under the age of 45, seven directors are 56-65 years old, three directors are 66-75 years old. One of independent directors is the term of office less than 3 years, and one independent director is the term of office of is 4-6 years. Although one independent director of the company has served as for more than 9 years. He has extensive practical experience, which is obviously helpful to the company's business planning and decision-making, and continues to be elected as an independent director of the company.

Three independent directors were elected, accounting for 25% of all directors. In addition, except for Huang, Ting-Rong and Huang, Chi-Rong, whose relatives within the second degree of kinship do not exceed half of the seats on the board of directors, none of the other members of the board of directors has the conditions specified in Article 26-3 Items 3 and 4 of the Securities and Exchange Act. ,the Board of Directors of the Company is still independent.

It is expected that one more independent director will be elected in 2023, and the number of independent directors will increase to four, accounting for 31% of all directors, making the board of directors more independent.

### III. Corporate Governance

#### 3.2.2 Management Team

As of March 27, 2023

Title/ Name	Nationality / Country of Origin	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position (Note 1)	Managers who are Spouses or Within two degrees of kinship			R Mark(s)
				Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President/ Lin, Lung-Fen	R.O.C.	Male	2009.10	1,324,762	0.49	263	-	-	-	EMBA, CEIBS Master's degree in Computer Science, University of the Pacific	Note 3	-	-	-	Note 2
Chief Strategy Officer & Senior Vice President / Cheng, Deng-Yuan	R.O.C.	Male	2001.08	153,152	0.06	-	-	-	-	EMBA, Fudan University Fu Jen University, Dept. of Accounting	Note 4	-	-	-	-
CFO, Corporate Governance Officer & Vice President/ Chung, Chih-Chun	R.O.C.	Male	2014.05	-	-	-	-	-	-	Master's degree in Banking and Finance, Tamkang University	Note 5	-	-	-	-
CHO, CSO & Vice President / Huang, Yu-Jen	R.O.C.	Male	2017.03	-	-	-	-	-	-	Master's degree in Graduate Institute of Human Resource Management, National Central University	None	-	-	-	-
Chief Legal Officer & Vice President/ Chen, Shih-Chen	R.O.C.	Male	2022.09	-	-	-	-	-	-	LL.M., School of Law, Soochow University	Note 6	-	-	-	-
Vice Chief Strategy Officer & Vice President/ Lin, Jen-Shou	R.O.C.	Male	2021.01	118	-	-	-	-	-	National Chengchi University, EMBA	Note 7	-	-	-	-
Senior Vice President/ Yang, Shih-Chung	R.O.C.	Male	2007.01	1,225	-	-	-	-	-	National Cheng Kung University Dept. of Mathematics	Note 8	-	-	-	-

### III. Corporate Governance

As of March 27, 2023

Title/ Name	Nationality / Country of Origin	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position (Note 1)	Managers who are Spouses or Within two degrees of kinship			RMark(s)
				Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Vice President/ Su, Kou-Lin	R.O.C.	Male	2005.01	-	-	-	-	-	-	Master's degree in, Environmental Engineering, National Chung Hsing University	None	-	-	-	-
Vice President/ Chang, Huang-Yu	R.O.C.	Male	2005.06	72,312	0.03	-	-	-	-	Feng Chia University, Dept. of Information	Note 9	-	-	-	-
Vice President/ Chang, Ying-Chin	R.O.C.	Female	2007.01	3,599	-	2,023	-	-	-	National Taichun College Dept. of Banking and Insurance	Note 10	-	-	-	-
Vice President/ Tang, Yin-Soon	R.O.C.	Male	2012.01	19,031	0.01	-	-	-	-	Master's degree in Computer, The City University of New York	Note 11	-	-	-	-
Vice President/ Hsiao, Wei-Chun	R.O.C.	Male	2017.03	-	-	1,000	-	-	-	Fu Jen University, Dept. of Information Management	Note 12	-	-	-	-
Vice President/ Pan, Tieh-Yi	R.O.C.	Male	2018.01	13,142	-	1,883	-	-	-	Chien Hsin University of Science and Technology Dept. of Electronic Engineering	Note 13	-	-	-	-
Vice President/ Wu, Wen-Shuen	R.O.C.	Male	2018.01	-	-	-	-	-	-	Master of Business Administration, National Chengchi University	Note 14	-	-	-	-
Vice President/ Tao, Yea-Kuan	R.O.C.	Male	2018.01	-	-	-	-	-	-	Chuan Yuan University, Dept. of Information and Computer Engineering	Note 15	-	-	-	-

### III. Corporate Governance

As of March 27, 2023

Title/ Name	Nationality / Country of Origin	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position (Note 1)	Managers who are Spouses or Within two degrees of kinship			RMa(k)s
				Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Vice President/ Lin, Cheng-Hsuan	R.O.C.	Male	2022.04	-	-	-	-	-	-	Soochow University Department of Economics	Note 16				
Vice President/ Chan, Yi-Cheng	R.O.C.	Male	2022.04	-	-	-	-	-	-	National Taiwan Normal University EMBA	Note 17				
Vice President/ Chen, Kuo-Jen	R.O.C.	Male	2022.07	35,000	0.01	-	-	-	-	Tunghai University Dept. of Computer Science	Note 18	-	-	-	-
Chief Audit Executive/ Tsai, Chun-Hsiung	R.O.C.	Male	2007.01	8,285	-	-	-	-	-	National Taiwan University EMBA	None	-	-	-	-
Accounting Manager/ Cheng, Yuan-Yih	R.O.C.	Male	2008.12	144	-	-	-	-	-	National Chung Hsing University, Dept. of Accounting	Note 19	-	-	-	-

### III. Corporate Governance

---

Note 1: Concurrent positions as of the date of publication of the annual report.

Note 2: Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

The chairman of the company also serves as the general manager, in order to improve operating efficiency and decision-making execution. The chairman of the board of directors also closely communicates with the directors on the company's current operating conditions and planning guidelines in order to implement corporate governance.

The measures adopted in response thereto:

(1) The current three independent directors are specialized in financial and accounting affairs, leadership and operation and investing management, and can effectively perform their supervisory functions.

(2) More than half of the directors of the company do not concurrently serve as employees or managers.

(3) The audit committee and remuneration committee of the company are composed of three independent directors. Independent directors can fully discuss and put forward suggestions in each functional committee for the reference of the board of directors to implement corporate governance.

(4) It is expected that one more independent director will be elected in 2023, and the number of independent directors will increase to four, making the board of directors more independent.

Note 3: Chairman, SYSTEX Corp.

Chairman, representative of Ching Pu Investment Corp., Golden Bridge Information Corp., Syslink Corp., Smartsys Technology Corp. and Syswiser Technology Corp.

Director, representative of Systex Software & Service Corp., Syscore Corp., Syslong Corp., SoftMobile Technology Corp., Systex Solutions Corp., Syspower Corp., and Naturint Ltd.

Director, Kimo.com (BVI) Corp., Systex Capital Group, Inc. and Systex Solutions (HK) Ltd.

Note 4: Director, SYSTEX Corp.

Chairman, Systex Information (H.K.) Ltd. and Rainbow Tech Information (HK) Ltd.

Director, Shenzhen Sunlight Technology Co., Ltd.

Supervisor, Suntex Technology (Shenzhen) Co., Ltd.

Note 5: Chairman, representative of Syscore Corp. and Syslong Corp.

Director, representative of Ching Pu Investment Corp., Golden Bridge Information Corp., Systemweb Technologies Co., Ltd., FinRobo Advisor Securities Investment Consulting Co., Ltd., Enova Technology Corp.

Director, Kimo.com (BVI) Corp., Systex Capital Group, Inc., Systex Solutions (HK) Ltd. and Gemini Data K.K.

Supervisor, representative of Concord System Management Corp., Taifon Computer Co., Ltd., Systex Solutions Corp., SoftMobile Technology Corp., Naturint Ltd., Syslink Corp. and Far Eastern Electronic Toll Collection Corp.

Supervisor, Investment Media Ltd., Hanmore Investment Corp. and Nexsys Corp.

Note 6: Director, representative of Syslink Corp., Smartsys Technology Corp., Syswiser Technology Corp., Taifon Computer Co., Ltd., Top Information Technologies Co., Ltd. and Dawning Technology Inc.

Independent Director of Hold-Key Electric Wire & Cable Co., Ltd. and Panjit international Inc.

Note 7: Director, representative of Golden Bridge Information Corp., uniXecure Technology Corp., Systex Software & Service Corp., Concord System Management Corp., Taifon Computer Co., Ltd. and Systex Solutions Corp.

Note 8: Chairman, representative of E-service Information Corp. and Systex Solutions Corp.

Director, representative of Far Eastern Electronic Toll Collection Corp., Mohist web technology Co., Ltd., Neweb Information Co., Ltd. and Fuco Technology Co., Ltd.

Note 9: Director, representative of Shengsen Cloud Technology

Note 10: Director, representative of Investment Media Ltd.

Note 11: Chairman, representative of Gemini Data K.K.

Director, representative of Syslink Corp. and Aillumission Co., Ltd.

Note 12: Chairman, representative of Concord System Management Corp.

Director, representative of E-service Information Corp., Baoruh Electronic Co., Ltd. and Mohist web technology Co., Ltd.

Note 13: Chairman, representative of Nexsys Corp.

Director, representative of Da Ho Marketing Co., Ltd. and Retail System Co., Ltd.

Note 14: Chairman, representative of SoftMobile Technology Corp. and MISYS Corp.

Director, representative of Naturint Ltd., FinRobo Advisor Securities Investment Consulting Co., Ltd. and Sanfran Technology Inc.

Note 15: Chairman, representative of Top Information Technologies Co., Ltd.

Director, representative of Concord System Management Corp., MISYS Corp. and Sanfran Technology Inc.

### III. Corporate Governance

---

- Note16: Chairman, representative of Palsys Digital Technology Corp. and Dawning Technology Inc.  
Director, representative of Smartsys Technology Corp., CKmates International Co., Ltd. and Neo Trend Tech Corp.
- Note17: Chairman, representative of uniXecure Technology Corp., Taiwan Information Service Technology Corp. and Docutek Solution, Inc.  
Director, representative of Syswiser Technology Corp. and Onward Security Corp.
- Note 18: Chairman, representative of Syspower Corp. and Naturint Ltd.  
Director, representative of MISYS Corp., Palsys Digital Technology Corp. and GenSys Technology (International) Limited
- Note 19: Director, representative of Hanmore Investment Corp.  
Supervisor, representative of Ching Pu Investment Corp., Golden Bridge Information Corp., Systex Software & Service Corp., Syscore Corp., Syslong Corp., Smartsys Technology Corp., Syswiser Technology Corp., uniXecure Technology Corp., Syspower Corp., Top Information Technologies Co., Ltd., E-service Information Corp. and MISYS Corp.  
Supervisor, Dawning Technology Inc., Taiwan Information Service Technology Corp. and Palsys Digital Technology Corp.

## III. Corporate Governance

### 3.3 Remuneration of Directors and Management Team

#### 3.3.1 Remuneration of Directors

Unit: NT\$ thousands As of December 31, 2022

Title	Name	Remuneration				Total Compensation Amount and Ratio of (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees		Profit Sharing - Employee Bonus (G) (Note 2)				Total Compensation Amount and Ratio of (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A) (Note 2)	Severance Pay (B)	Bonus to Directors (C)	Allowances (D)	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	Cash	Stock	The Company	Consolidated Entities	
Chairman	Lin, Lung-Fen	-	-	15,096	345	15,441	43,409	124	7,027	-	-	-	66,001	66,471	-	
Director	Cheng, Deng-Yuan	-	-	15,096	345	15,441	43,879	124	7,027	-	-	-	66,001	66,471	-	
Director	Huang, Ting-Rong	-	-	15,096	345	15,441	43,879	124	7,027	-	-	-	66,001	66,471	-	
Director	Huang, Chi-Rong	-	-	15,096	345	15,441	43,879	124	7,027	-	-	-	66,001	66,471	-	
Director	Lu, Ta-Wei	-	-	15,096	345	15,441	43,879	124	7,027	-	-	-	66,001	66,471	-	
Director	Shaw, Shung-Ho	-	-	15,096	345	15,441	43,879	124	7,027	-	-	-	66,001	66,471	-	
Director	Hsieh, Chin-Ho	-	-	15,096	345	15,441	43,879	124	7,027	-	-	-	66,001	66,471	-	
Director	Huang, Tsong-Jen (Note 4)	-	-	15,096	345	15,441	43,879	124	7,027	-	-	-	66,001	66,471	-	
Director	Hanmore Investment Corp. (Note 4)	-	-	15,096	345	15,441	43,879	124	7,027	-	-	-	66,001	66,471	-	
Director	Joway Investment Co., Ltd. (Note 4)	-	-	15,096	345	15,441	43,879	124	7,027	-	-	-	66,001	66,471	-	
Director Representative	Lin, Chih-Min	-	-	7,956	270	8,226	-	-	-	-	-	-	8,226	8,226	-	
Director Representative	Wu, Cheng-Huan	-	-	7,956	270	8,226	-	-	-	-	-	-	8,226	8,226	-	
Independent Director	Cheng, Wen-Feng	780	-	7,956	270	8,736	-	-	-	-	-	-	8,736	8,736	-	
Independent Director	Lai, Chien-Hua	780	-	7,956	270	8,736	-	-	-	-	-	-	8,736	8,736	-	
Independent Director	Huang, Ta-Lun (Note 4)	780	-	7,956	270	8,736	-	-	-	-	-	-	8,736	8,736	-	
Independent Director	Huang, Jih-Tsan (Note 4)	780	-	7,956	270	8,736	-	-	-	-	-	-	8,736	8,736	-	



### III. Corporate Governance

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:

The remuneration to independent directors included bonus, base compensation and allowances. The payment of bonus to directors is in accordance with "Articles of Incorporation." And according to "Procedure for distribution for directors' remuneration", independent directors have different cardinality to distribution bonus.

According to the resolution of the board of directors, independent directors receive fixed base compensation quarterly.

The allowances is charged each time the board of directors or functional committee is attended in person.

Independent directors of the company assume the office of member of Audited committee and remuneration committee to deliberation various matters.

Independent directors are charged with duties, risk, and time input more than general directors.

The three independent directors are with independence and professionalism. They has given independent options for material matters and played the role of supervision and balance. And they keep the well communication with CPAs and Audit Division to understand the financial status and internal control system of the company.

2. Other than disclosure in the above table, Directors remunerations earned by providing services (i.e. non-employee consulting services) to companies which are listed in financial reports in 2022: None.

Note 1: The amount of remuneration received by Directors shall be determined by the Board of Directors according to the contribution of the individual and extent of involvement in the Company's operations; general remuneration standards within the domestic and international industries are also duly referenced. The personal expenditure of vehicles allocated to Directors was NT\$1,164 thousands, and the annual salary of drivers amounted to NT\$795 thousands.

Note 2: The consolidated net profit after tax in 2022(excluding non-controlling interests) was NT\$1,091,229 thousands

Note 3: The 2022 directors' and employees' remuneration distribution plan is NT\$23,052 thousands and NT\$34,578 thousands had been approved by Borad of Director.

Note 4: The Company has elected thirteen Directors on 26 May, 2022, Huang, Tsong-Jen, Huang, Jih-Tsan and Joway Investment Co., Ltd. were end the term ends on 25 May, 2022; Hanmore Investment Corp. and Huang, Ta-Lun has been elected the termbegins on 26 May, 2022.

### III. Corporate Governance

Range of Remuneration	Name of Directors					
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)		Total of (A+B+C+D+E+F+G)	
	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities
Under NT\$ 1,000,000	Lin, Chih-Min, Wu, Cheng-Huan, Huang, Tsong-Jen	Lin, Chih-Min, Wu, Cheng-Huan, Huang, Tsong-Jen	Lin, Chih-Min, Wu, Cheng-Huan, Huang, Tsong-Jen	Lin, Chih-Min, Wu, Cheng-Huan, Huang, Tsong-Jen	Lin, Chih-Min, Wu, Cheng-Huan, Huang, Tsong-Jen	Lin, Chih-Min, Wu, Cheng-Huan, Huang, Tsong-Jen
NT\$1,000,000 (included) ~ NT\$2,000,000 (excluded)	Cheng, Deng-Yuan, Huang, Ting-Rong, Huang, Chi-Rong Hsieh, Chin-Ho, Shaw, Shung-Ho, Lu, Ta-Wei, Huang, Ta-Lun, Huang, Jih-Tsan, Hanmore Investment Corp., Joway Investment Co., Ltd.	Cheng, Deng-Yuan, Huang, Ting-Rong, Huang, Chi-Rong Hsieh, Chin-Ho, Shaw, Shung-Ho, Lu, Ta-Wei, Huang, Ta-Lun, Huang, Jih-Tsan, Hanmore Investment Corp., Joway Investment Co., Ltd.	Huang, Ting-Rong, Huang, Chi-Rong Hsieh, Chin-Ho, Shaw, Shung-Ho, Lu, Ta-Wei, Huang, Ta-Lun, Huang, Jih-Tsan, Hanmore Investment Corp., Joway Investment Co., Ltd.	Huang, Ting-Rong, Huang, Chi-Rong Hsieh, Chin-Ho, Shaw, Shung-Ho, Lu, Ta-Wei, Huang, Ta-Lun, Huang, Jih-Tsan, Hanmore Investment Corp., Joway Investment Co., Ltd.	Huang, Ting-Rong, Huang, Chi-Rong Hsieh, Chin-Ho, Shaw, Shung-Ho, Lu, Ta-Wei, Huang, Ta-Lun, Huang, Jih-Tsan, Hanmore Investment Corp., Joway Investment Co., Ltd.	Huang, Ting-Rong, Huang, Chi-Rong Hsieh, Chin-Ho, Shaw, Shung-Ho, Lu, Ta-Wei, Huang, Ta-Lun, Huang, Jih-Tsan, Hanmore Investment Corp., Joway Investment Co., Ltd.
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)	Cheng, Wen-Feng, Lai, Chien-Hua	Cheng, Wen-Feng, Lai, Chien-Hua	Cheng, Wen-Feng, Lai, Chien-Hua	Cheng, Wen-Feng, Lai, Chien-Hua	Cheng, Wen-Feng, Lai, Chien-Hua	Cheng, Wen-Feng, Lai, Chien-Hua
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	Lin, Lung-Fen	Lin, Lung-Fen	Lin, Lung-Fen	Lin, Lung-Fen	Lin, Lung-Fen	Lin, Lung-Fen
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)						
NT\$10,000,000 (included)~ NT\$15,000,000 (excluded)						
NT\$15,000,000 (included)~ NT\$30,000,000 (excluded)						
NT\$30,000,000 (included)~ NT\$50,000,000 (excluded)						
NT\$50,000,000 (included)~ NT\$100,000,000 (excluded)						
Over NT\$100,000,000						
Total	16	16	16	16	16	16

Note 1: The Company has elected thirteen Directors on 26 May, 2022, Huang, Tsong-Jen, Huang, Jih-Tsan and Joway Investment Co., Ltd. were end the term ends on 25 May, 2022; Hanmore Investment Corp. and Huang, Ta-Lun has been elected the term begins on 26 May, 2022.

Note2: Lin, Chih-Min and Wu, Cheng-Huan, are Representative of Joway Investment Co., Ltd. (9th) and Hanmore Investment Corp. (10th)

## III. Corporate Governance

### 3.3.2 Remuneration of Management Team

Unit: NT\$ thousands As of December 31, 2021

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Profit Sharing - Employee Bonus (D)			Total Compensation Amount and Ratio of (A+B+C+D) to net income (%)		Other Compensation from non-subsidiary affiliates
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	Consolidated Entities		The Company	Consolidated Entities		
								Cash	Stock			Cash	
President	Lin, Lung-Fen												
Chief Strategy Officer & Senior Vice President	Cheng, Deng-Yuan												
CFO, Corporate Governance Officer & Vice President	Chung, Chih-Chun												
CHO, CSO & Vice President	Huang, Yu-Jen												
Chief Legal Officer & Vice President	Chen, Shih-Chen (Note 4)												
Vice Chief Strategy Officer & Vice President	Lin, Jen-Shou												
Senior Vice President	Yang, Shih-Chung												
Senior Vice President	Su, Kou-Lin												
Vice President	Chang, Huang-Yu												
Vice President	Chang, Ying-Chin												
Vice President	Hsiao, Wei-Chun												
Vice President	Pan, Tieh-Yi												
Vice President	Wu, Wen-Shuen												
Vice President	Tao, Yea-Kuan												
Vice President	Tang, Yin-Soon												
Vice President	Chan, Yi-Cheng (Note 4)												
Vice President	Lin, Cheng-Hsuan (Note 4)												
Vice President	Chen, Kuo-Jen (Note 4)												
Senior Vice President	Fan, Jee-Der (Note 4)												
Vice President	Lin, Wen-Kuei (Note 4)												
Vice President	Liu, Kuan-Lin (Note 4)												
Chief Audit Executive	Tsai, Chun-Hsiung												

Note 1: The 2022 employees' remuneration distribution plan is NT\$34,578 thousands had been approved by Board of Director.

Note 2: The consolidated net profit after tax in 2022 (excluding non-controlling interests) was NT\$1,091,229 thousands.

Note 3: The amount of remuneration received by President and Vice Presidents shall be determined according to the contribution of the individual and extent of involvement in the Company's operations; general remuneration standards within the domestic and international industries are also duly referenced. The personal expenditure of vehicles and house allocated to Managers was NT\$2,318 thousands and the annual salary of drivers amounted to NT\$759 thousands.

Note 4: Chan, Yi-Cheng and Lin, Cheng-Hsuan took office in April, 2022; Chen, Kuo-Jen took office in July, 2022; Chen, Shih-Chen took office in September, 2022; Fan, Jee-Der and Lin, Wen-Kuei were retired in June, 2022; Liu, Kuan-Lin resigned in November, 2022.

### III. Corporate Governance

Range of Remuneration	Name of President and Vice Presidents	
	The Company	Consolidated Entities
Under NT\$ 1,000,000		
NT\$1,000,000 (included) ~ NT\$2,000,000 (excluded)	Chang, Ying-Chin	Chang, Ying-Chin
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)	Chen, Shih-Chen, Fan, Jee-Der, Lin, Wen-Kuei,	Chen, Shih-Chen, Fan, Jee-Der, Lin, Wen-Kuei,
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	Lin, Jen-Shou, Tang, Yin-Soon, Chen, Kuo-Jen Tsai, Chun-Hsiung	Lin, Jen-Shou, Tang, Yin-Soon, Chen, Kuo-Jen Tsai, Chun-Hsiung
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)	Cheng, Deng-Yuan, Chung, Chih-Chun, Huang, Yu-Jen, Chang, Huang-Yu, Hsiao, Wei-Chun, Pan, Tieh-Yi, Wu, Wen-Shuen, Tao, Yea-Kuan, Chan, Yi-Cheng, Lin, Cheng-hsuan, Liu, Kuan-Lin	Cheng, Deng-Yuan, Chung, Chih-Chun, Huang, Yu-Jen, Chang, Huang-Yu, Hsiao, Wei-Chun, Pan, Tieh-Yi, Wu, Wen-Shuen, Tao, Yea-Kuan, Chan, Yi-Cheng, Lin, Cheng-hsuan, Liu, Kuan-Lin
NT\$10,000,000 (included) ~ NT\$15,000,000 (excluded)	Yang, Shih-Chung, Su, Kou-Lin	Yang, Shih-Chung, Su, Kou-Lin
NT\$15,000,000 (included) ~ NT\$30,000,000 (excluded)		
NT\$30,000,000 (included) ~ NT\$50,000,000 (excluded)	Lin, Lung-Fen	Lin, Lung-Fen
NT\$50,000,000 (included) ~ NT\$100,000,000 (excluded)		
Over NT\$100,000,000		
Total	22	22

## III. Corporate Governance

### 3.3.3 Employees' remuneration

Unit: NT\$ thousands As of January 1, 2023

	Title	Name	Stock (Note1)	Cash (Note 1)	Total	Ratio of Total Amount to Net Income (%) (Note 2)
Management Team	President	Lin, Lung-Fen	-	8,832	8,832	0.81
	Chief Strategy Officer & Senior Vice President	Cheng, Deng-Yuan				
	CFO, Corporate Governance Officer & Vice Presidents	Chung, Chih-Chun				
	CHO, CSO & Vice President	Huang, Yu-Jen				
	Chief Legal Officer & Vice President	Chen, Shih-Chen				
	Vice Chief Strategy Officer & Vice President	Lin, Jen-Shou				
	Senior Vice President	Yang, Shih-Chung				
	Senior Vice President	Su, Kou-Lin				
	Vice President	Chang, Huang-Yu				
	Vice President	Chang, Ying-Chin				
	Vice President	Hsiao, Wei-Chun				
	Vice President	Pan, Tieh-Yi				
	Vice President	Wu, Wen-Shuen				
	Vice President	Tao, Yea-Kuan				
	Vice President	Tang, Yin-Soon				
	Vice President	Chan, Yi-Cheng				
	Vice President	Lin, Cheng-Hsuan				
	Vice President	Chen, Kuo-Jen				
	Chief Audit Executive	Tsai, Chun-Hsiung				
	Accounting Manager	Cheng, Yuan-Yih				

Note 1: The 2022 employees' remuneration distribution plan is NT\$34,578 thousands had been approved by Borad of Director.

Note 2: The consolidated net profit after tax in 2022 (excluding non-controlling interests) was NT\$1,091,229 thousands.

## III. Corporate Governance

### 3.3.4 Comparison of Remuneration for Directors, Presidents and Vice Presidents in the Most Recent Two Fiscal Years and Remuneration Policy for Directors, Presidents and Vice Presidents

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

Title	Ratio of total remuneration paid to directors, presidents and vice presidents to net income (%)			
	2021		2022	
	The Company	Consolidated Entities	The Company	Consolidated Entities
Directors	5.84	5.88	6.88	6.92
President and Vice Presidents	10.88	10.92	15.67	15.81

- B. Policies, standards, and combination of remuneration payment to directors, President, and Vice President, the remuneration determination procedure, and the relationship between operation performance and future risk.

(a) Director remuneration includes remuneration, salary, and travel expenses etc. Independent Directors are paid fixed amounts of remuneration every quarter in accordance with the resolutions of Board of Directors meetings. Travel expenses are paid each time Directors attend Board of Directors or functional committee meetings in person. The remuneration of the chairman and directors of the company is based on their participation in the company's operations and the value of their contributions, their personal performance and the company's long-term business performance, and comprehensively consider the company's business risks and authorize the board of directors to decide it. The Company's remuneration Directors shall be no over 2% of the earnings before tax of the year and before deducting remuneration for employees and Directors.

The Company stipulated the "Procedures for the board performance evaluation". The measurement items of directors include: mastery of the company's goals and tasks, directors' awareness of responsibilities, participation in the company's operations, internal relationship management and communication, directors' professional and continuous education and internal control, etc., and the directors' remuneration will be distributed according to the evaluation results.

Director remuneration includes remuneration, salary, and travel expenses etc. Independent Directors are paid fixed amounts of remuneration every quarter in accordance with the resolutions of Board of Directors meetings. Travel expenses are paid each time Directors attend Board of Directors or functional committee meetings in person. The Company's remuneration Directors shall be no lower than 0.1% and under 2% of the earnings before tax of the year and before deducting remuneration for employees and Directors.

(b) Remuneration for the President and Vice President are including monthly salary, bonus, employee remuneration, retirement allowance, etc. Salary payments are not only linked to their job responsibilities, professional abilities, performance goals, management areas and reference market salary levels, etc., but also highly linked to financial and non-financial KPI performance goals; Financial aspects include corporate sustainability indicators such as strategic development, leadership management, legal compliance, cyber security, talent cultivation, and corporate social image enhancement; and measure special contributions or major impact events, and include performance and remuneration considerations to motivate managers to achieve And go beyond the company's goals, create profits, improve business performance, pay attention to the company's long-term business goals, and implement the relationship between managers' compensation and the

## III. Corporate Governance

---

company's business performance.

- (c) The Company has established a Remuneration Committee to be in charge of the performance evaluation of Directors and managerial officers, set and reviewing the remuneration policy, system standards and structure, and conduct periodic review on the accomplishment of performance targets in order to build a comprehensive remuneration system for the Company's Directors and managerial officers.

## III. Corporate Governance

### 3.4 Implementation of Corporate Governance

#### 3.4.1 Board of Directors

The 9th Board of Directors (ended on May 25, 2022)

A total of 3 (A) meetings of the Board of Directors were held in the previous period. The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Lin, Lung-Fen	3	0	100%	
Director	Huang, Tsong-Jen	3	0	100%	
Director	Cheng, Deng-Yuan	3	0	100%	
Director	Lu, Ta-Wei	3	0	100%	
Director	Shaw, Shung-Ho	3	0	100%	
Director	Hsieh, Chin-Ho	3	0	100%	
Director	Huang, Ting-Rong	3	0	100%	
Director	Huang, Chi-Rong	3	0	100%	
Director	Lin, Chih-Min (Representative of Joway Investment Co., Ltd.)	3	0	100%	
Director	Wu, Cheng-Huan (Representative of Joway Investment Co., Ltd.)	3	0	100%	
Independent Director	Huang, Jih-Tsan	3	0	100%	
Independent Director	Cheng, Wen-Feng	3	0	100%	
Independent Director	Lai, Chien-Hua	3	0	100%	

The 10th Board of Directors (commenced from May 26, 2022)

A total of 4 (A) meetings of the Board of Directors were held in the previous period. The attendance of directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	Lin, Lung-Fen	4	0	100%	
Director	Cheng, Deng-Yuan	3	1	75%	
Director	Huang, Ting-Rong	4	0	100%	
Director	Huang, Chi-Rong	4	0	100%	
Director	Lu, Ta-Wei	4	0	100%	
Director	Shaw, Shung-Ho	4	0	100%	
Director	Hsieh, Chin-Ho	4	0	100%	
Director	Lin, Chih-Min (Representative of Hanmore Investment Corp.)	3	1	75%	
Director	Wu, Cheng-Huan (Representative of Hanmore Investment Corp.)	4	0	100%	



### III. Corporate Governance

Independent Director	Cheng, Wen-Feng	4	0	100%	
Independent Director	Lai, Chien-Hua	4	0	100%	
Independent Director	Huang, Ta-Lun	4	0	100%	

Other mentionable items:

- (1) The date of the Board meeting, the term, contents of the proposals, opinions of all Independent Directors, and the Company's handling of opinions of Independent Directors shall be recorded under the following circumstances in the operations of the Board of Directors meeting:
- A. Items listed in Article 14-3 of the Securities and Exchange Act: Since the Company has already established the Audit Committee, and Article 14-3 of the Securities Exchange Act does not apply. For the explanation of the matters listed in Article 14-5 of the Securities Exchange Act, please refer to pages 40~44, the operation of the audit committee.
- B. With the exception of the aforementioned items, resolutions adopted by the Board of Directors, to which an Independent Director has a dissenting or qualified opinion that is on record or stated in a written statement: None.
- (2) Directors abstaining in certain proposals for being a stakeholder (the name of the Director(s), the content of the proposal, reasons for abstentions and the results of voting counts shall be stated):
- A. On February 23, 2022, the Board of Directors discussed: (i) The review results of managerial officers for the second half of 2021; (ii) The distribution of year-end bonus, group performance reward and employee remuneration, excess profit bonus and annual remuneration for managerial officers for 2021; (iii) 2022 KPI settings and remuneration plan for the Company's managerial officers. As the Chairman Lin, Lung-Fen and the Director Cheng, Deng-Yuan serve concurrently as the Company's managerial officers, they recused themselves when the discussion involved their interest and the other Directors in attendance passed the proposal unanimously.
- B. On August 3, 2022, the Board of Directors discussed: (i) The amended "Procedures for distribution for directors' remuneration" and (ii) The remuneration for members of the Remuneration Committee. As the Independent Directors Cheng, Wen-Feng, Lai, Chien-Hua and Huang, Ta-Lun, they recused himself when the discussion involved his interest and the other Directors in attendance passed the proposal unanimously.
- C. On August 3, 2022, the Board of Directors discussed: (i) The distributed of the restricted stock for employees for managerial officers. (ii) The review results of managerial officers for the first half of 2022. As the Chairman Lin, Lung-Fen and the Director Cheng, Deng-Yuan serves concurrently as the Company's managerial officers, he recused himself when the discussion involved his interest and the other Directors in attendance passed the proposal unanimously.
- (3) Borad of Director Performance Evaluation:
- For effective corporate governance and better board performance, the Company has established the "Regulations on Borad of Director Performance Evaluation" on August 10, 2017.
- It was passed in the board meeting and it stipulates an internal performance evaluation for the Board of Directors at once every year.

### III. Corporate Governance

Implementation situation:

Evaluation cycles	Evaluation periods	Scope of evaluation	Method of evaluation	Indexes of evaluation
Once a year	Year 2022 from January 1 to December 31	Evaluation scope covers the evaluation of the board as a whole, individual directors and functional committees	Methods of inside evaluations include the internal evaluation of the board and functional committees, self-evaluation by individual board members.	<ol style="list-style-type: none"> <li>1. The board of directors, which should cover: <ul style="list-style-type: none"> <li>● Participation in the operation of the company;</li> <li>● Improvement of the quality of the board of directors' decision making;</li> <li>● Composition and structure of the board of directors;</li> <li>● Election and continuing education of the directors;</li> <li>● Internal control.</li> </ul> </li> <li>2. The board members, which should cover: <ul style="list-style-type: none"> <li>● Alignment of the goals and missions of the company;</li> <li>● Awareness of the duties of a director;</li> <li>● Participation in the operation of the company;</li> <li>● Management of internal relationship and communication;</li> <li>● The director's professionalism and continuing education;</li> <li>● Internal control.</li> </ul> </li> <li>3. Functional committees , which should cover: <ul style="list-style-type: none"> <li>● Participation in the operation of the company;</li> <li>● Awareness of the duties of the functional committee;</li> <li>● Improvement of quality of decisions made by the functional committee;</li> <li>● Makeup of the functional committee and election of its members ;</li> <li>● Internal control.</li> </ul> </li> </ol>

The results of the 2022 performance evaluation were submitted to the Board of Directors on February 22, 2023. If a score of 80 points is deemed to meet standards, the results of performance evaluation for the Company's Board of Directors, Audit Committee, Remuneration Committee, and individual Directors were all above 80 points, demonstrating the satisfactory overall operations of the Board that is in line with the Company's corporate governance principles.

(4) Measures taken to strengthen the functionality of the board:

A. In July 2021, the Taiwan Corporate Governance Association was appointed to perform the 2021 external board effectiveness evaluation (period from October 1, 2020 to September 30, 2021), for detailed evaluation information, please refer to pages 30~31 of the 2021 annual report.

According to the evaluation recommendations, the implementation improvement measures in 2022 are as follows:

- a. In July 2022, the head of the business unit will conduct an information service industry market analysis and operational report to the members of the board of directors, so that the directors can have a deeper understanding of Jingcheng's business content, operational planning and goals.
- b. On August 3, 2022, the board of directors passed a resolution to formulate the " Sustainable

### III. Corporate Governance

---

Development Best Practice Principles", and set up a sustainable promotion team to supervise and manage the implementation of the project, and promote the coordination and cooperation of various departments in the company to promote sustainable development. Report the implementation results to the board of directors.

- c. On December 21, 2022, the board of directors resolved to formulate the "Risk Management Best Practice Principles ", "Risk Management Policies and Procedures" and "Risk Management Committee Charter ", and on the same day approved the establishment of a cross-department "Risk Management Committee" to assist The board of directors communicates, reports and advises on risk management, with the aim of broadly influencing all employees and organizations through the decision-making process and the support actions of leaders due to the support of the decision-making layer for risk culture, and regularly reports the implementation of risk management to the board of directors every year.
- B. The independence and suitability of certified accountants are regularly evaluated every year. The 2022 annual evaluation results have been submitted to the Audit Committee and the Board of Directors for consideration on December 21, 2022.
- C. The Company elected three Independent Directors in the election of the 10th Board of Directors in the general shareholders' meeting on May 26, 2022 and established the Audit Committee and the Remuneration Committee on the same day. The state of operations of The Audit Committee and the Remuneration Committee refer to page 40~44 and 55~56.
- D. In 2022, a total of 6 hours of Directors' continuing studie arranged in May and November respectively to meet the number of training hours recommended by the law.

## III. Corporate Governance

### 3.4.2 Audit Committee

A total of 3 (A) meetings of Audit Committee of the 9th Board of Directors (ended on May 25, 2022) were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent director	Huang, Jih-Tsan	3	0	100%	
Independent director	Cheng, Wen-Feng	3	0	100%	
Independent director	Lai, Chien-Hua	3	0	100%	

A total of 4 (A) meetings of Audit Committee of the 10th Board of Directors (commenced from May 26, 2022) were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent director	Lai, Chien-Hua	4	0	100%	
Independent director	Cheng, Wen-Feng	4	0	100%	
Independent director	Huang, Ta-Lun	4	0	100%	

Other mentionable items:

(1) The date of the Board meeting, the term, contents of the proposals, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting:

A. Items specified in Article 14-5 of the Securities and Exchange Act:

Meeting Dates	Contents Proposed	Resolutions of the Audit Committee	Handling of the resolutions of the Audit Committee
February 23, 2022	The "Statement of Internal Control System" for 2021.	Approved	N/A
	The business report and the financial statements for 2021.	Approved	N/A
	The amended "Procedures for the Acquisition and Disposal of Assets".	Approved	N/A
April 12, 2022	The amended Internal Control System.	Approved	N/A
	The 2021 earnings distribution proposal	Approved	N/A
May 3, 2022	The amended Internal Control System.	Approved	N/A
	Financial Statements for the First Quarter Ended of 2022.	Approved	N/A
August 3, 2022	The amended Internal Control System.	Approved	N/A
	Financial Statements for the Second Quarter Ended of 2022.	Approved	N/A
	The Capital increased by Cash of Syscore Corp.	Approved	N/A
	The Capital increased by Cash of Syslink Corp.	Approved	N/A

### III. Corporate Governance

	The disposal of common shares of Taiwan Futures Exchange.	Approved	N/A
	The record date for the issuance of 2022 employee restricted stock awards.	Approved	N/A
November 2, 2022	Financial Statements for the Third Quarter Ended of 2022.	Approved	N/A
December 21, 2022	The endorsement guarantee for Systex Group (China) Ltd.	Approved	N/A
	The loan funds to subsidiary. (Concord System Management Corp.)	Approved	N/A
	The Audit Fee for 2022.	Approved	N/A
	The independence and adaptability of CPA.	Approved	N/A

B. With the exception of the aforementioned items, any issues that are not agreed by the Audit Committee but passed by more than two-thirds of all Directors: No such occurrences.

(2) If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.

(3) Communications between the independent directors, the Company's chief internal auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)

A. The Company's Audit Committee shall be solely composed of Independent Directors and meetings shall be convened at least once a quarter. Ad-hoc meetings shall be held whenever necessary.

B. Communication between the chief internal auditor and the Audit Committee:

a. Periodic: Report the findings in audits and the status of improvement on irregularities to the Audit Committee; respond to all questions submitted by the Independent Directors, and enhance the contents of auditing tasks in accordance with their instructions to ensure the effectiveness of the internal control system.

b. Non-periodic: Use telephone, email, or face-to-face communication to communicate discoveries in the audits and how to continuously increase the value of audits. In the event of material violation, the Independent Directors shall be notified immediately.

c. Summaries of communication in 2022:

Date	Communication Content	Results
Audit Committee on February 23, 2022	The implementation of audit program from January to February, 2022.	Noticed.
	The "Statement of Internal Control System" for 2021.	Approved and referred to the Board.
Audit Committee on April 12, 2022	The implementation of audit program in March, 2022.	Noticed.
	The amended the Internal Control System.	Approved and referred to the Board.
Audit Committee on May 3, 2022	The implementation of audit program in April, 2021.	Noticed.
	The amended the Internal Control System.	Approved and referred to the Board.
Audit Committee on August 3, 2022	The implementation of audit program from May to July, 2021.	Noticed.
	The amended the Internal Control System.	Approved and referred to the Board.

### III. Corporate Governance

Audit Committee on November 2, 2022	The implementation of audit program from August to September, 2022.	Noticed.
Audit Committee on December 21, 2022	The implementation of audit program from October to December, 2022.	Noticed.
	The Audit program for 2023.	Approved and referred to the Board.

C. Communication between the CPAs and the Audit Committee:

- a. Periodic: The CPAs shall communicate with the Audit Committee on the audit plan, execution status, and results in the periods before and after the semi-annual and annual audit reports.
- b. Non-periodic: Meetings may be arranged in the event that operations or internal controls require immediate communication on related cases.

c. Summaries of communication in 2022:

Date	Item	Communication Content	Results
February 23, 2022	Financial Statement for Year 2021	Consolidated and Unconsolidated Financial Statements for Year 2021	Report the audited adjustments of Year 2021 Financial Statement. We discuss and communicate the applicability of certain accounting principles.
	Key audit items	The impairment evaluation for accounts receivable were the key audit items in 2021.	The most important items of Systex Group's 2021 Consolidated Financial Statements as per the professional judgment of the CPA.
	Strategic investment management	Regarding equity investment premium, the Company shall continually evaluate whether there is a concern for impairment and implement appropriate accounting treatment, so as to fairly present investment amounts in financial statements.	The Company regularly check and evaluate any equity investment premiums. Any impairment will be timely reflected in our financial statements, thereby fairly presenting our investment amounts.
	Article 43-3, Income Tax Act (controlled foreign company, CFC)	Approved by the Executive Yuan via order Yuan-Tai-Cai-Zi No. 1100041879 on January 14, 2022 and enacted since 2023. From May 2024 onwards, businesses will be confronted with an increase in tax and tax compliance cost when filing their tax returns as profit-seeking enterprises due to CFC-related clauses.	According to these regulations, the entities within SYSTEX that come under their impact will be BVI and our Hong Kong subsidiary, as well as our subsidiary in China that BVI invests in. In principle, this will be considered according to the distributed earnings as resolved or the realized investment losses. SYSTEX's Finance Department has calculated the tax effects, and is exploring the possibility of our Hong Kong subsidiary's eligibility for exemption as CFC.

### III. Corporate Governance

Date	Item	Communication Content	Results
	Amended Article 10-1 of Statute for Industrial Innovation	On a third reading on January 27, 2022, the Legislative Yuan passed the amendment to Article 10-1 of the Statute for Industrial Innovation, which extends the period of tax credits for smart machinery and 5th-generation mobile networks to December 31, 2024. In addition, tax credits are also available to cyber security investments made between January 1, 2022 and December 31, 2024.	The businesses run by SYSTEX are not eligible for tax deduction credits available to smart machines and 5th-generation mobile networks. However, SYSTEX would still consider applying for such benefits when it purchases new cyber security products or services.
August 3, 2022	Financial Statements for the Second Quarter Ended of 2022	Consolidated Financial Statements for the Second Quarter Ended of 2022.	Report the adjustments of financial statements for the Second Quarter Ended of 2022. We discuss and communicate the newly-announced "Statements on Auditing Standards" and the amendment of decree.
	Accounting	The audit on the second quarter of 2022 found that the Company and its subsidiary Concord System Management Corp. issued gift vouchers and cards that charge advances, which led to overestimates of accounts receivable, contract liabilities and temporary receipts. Although these amounts have been reclassified to offset each other, the Company is still advised to make timely adjustments at the time of account settlement to ensure fair presentations of its consolidated financial statements.	The Company has been adjusting and reclassifying categories of assets and liabilities that were simultaneously overestimated, so as to ensure their reasonable statements of our consolidated financial statements.
	Applicable new law – Article 9-1 of the Regulations Governing Establishment of Internal Control Systems by Public Companies	1. According to official letter Jin-Guan-Zheng-Shen-Zi No. 11003656544, published by the FSC on December 28, 2021, SYSTEX shall appoint a cyber security officer and at least one cyber security specialist by the end of 2023. 2. In accordance with the Cyber Security Guidelines for TWSE/TPEX-Listed	The Company will appoint specialists and establish relevant operating procedures in compliance with competent authorities and regulatory requirements.

### III. Corporate Governance

Date	Item	Communication Content	Results
		<p>Companies, released by TWSE on December 21, 2021, the Company shall establish relevant cyber security procedures, including core businesses and their importance, cyber system inventory and risk assessment, cyber system development and security, cyber security protection and control, cyber system or cyber service outsourcing management, cyber security incident reporting and response and intelligence evaluation and response, and continual refinement and performance management of cyber security.</p>	

(4) Annual work summary:

The Audit Committee has been assembled by three Independent directors and supervise item follows:

- A. Fair presentation of the financial reports of this Corporation.
- B. The hiring (and dismissal) and independence of certificated public accountants of the Company.
- C. The effective implementation of the internal control system of the Company.
- D. Compliance with relevant laws and regulations by the Company.
- E. Management of the existing or potential risks of the Company.

The Audit Committee held 7 meetings in 2022 to review related proposals, including of the business report and the financial statements for 2021 and the from First to Third Quarter Ended, 2022, the loan funds and endorsement guarantee for subsidiaries, the Audit Fee for 2022, and the amended Internal Control System.



## III. Corporate Governance

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

Evaluation item	Implementation Status		Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V	On March 19, 2015, the Board of Directors of the Company adopted a resolution to formulate the "Corporate Governance Best Practice Principles". Over the years, it has been revised in line with laws and practical operations. The last revision was made by the Board of Directors on February 22, 2023 and has been disclosed on the MOPS and the company website.	None
2. Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters If yes, have these procedures been implemented accordingly? (2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? (3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates? (4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V V V V V	<p>(1) The Company has established the "Rules and Procedures for Shareholders' Meetings" in accordance with regulations and shareholders may file suggestions in the shareholders' meeting. The Company also established a spokesperson and acting spokesperson system to process shareholder suggestions or disputes.</p> <p>(2) The company possess the list of its major shareholders as well as the ultimate owners, so as to understand the shareholding structure and make declarations in accordance with regulations.</p> <p>(3) The Company has established the the " Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises " was formulated to improve the business relationship between the company and related parties, prevent purchase and sale transactions between related parties, obtain and dispose of assets , There are unconventional transactions and improper benefit transfers in endorsement guarantees and capital loans.</p> <p>(4) The Company has established "Procedures for Handling Material Internal Information" and educated the internal staff on the restriction of trading securities based on information that has not been disclosed on the market.</p>	None

### III. Corporate Governance

Evaluation item	Implementation Status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
<p>3. Composition and responsibilities of the board of directors</p> <p>(1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?</p> <p>(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?</p> <p>(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?</p> <p>(4) Does the Company regularly evaluate its external auditors' independence?</p>	<p>V</p> <p>V</p> <p>V</p> <p>V</p> <p>V</p>	<p>(1) The members of the Company's Board of Directors shall be selected for their knowledge, skills, and competencies required for executing their duties based on existing operations and actual requirements in order to enhance the capabilities of the Board of Directors. The detailed description, please refer to pages 22.</p> <p>(2) The Company has established the Remuneration Committee and Audit Committee, and the board of directors approved the cross-departmental formation of the Integrity Committee and the Risk Management Committee on March 19, 2020 and December 21, 2022.</p> <p>(3) For effective corporate governance and better board performance, the Company has established the "Regulations on Board of Director Performance Evaluation" on August 10, 2017. It was passed in the board meeting and it stipulates an internal performance evaluation at once every year and external performance evaluation at once three years for the Board of Directors.</p> <p>The results of the 2022 performance evaluation were submitted to the Board of Directors on February 22, 2023.</p> <p>(4) The financial statements of the company has been audited by Deloitte &amp; Touche. The Board of Director shall regularly evaluate the independence and adaptability of the certifying accountant. The independence and adaptability of the CPA has been evaluated on December 22, 2021. On February 22, 2023, refer to the Audit Quality Index (AQI) to evaluate the independence and suitability of the selected CPA. Inspections have shown that the appointment of the CPA is not involved in financial interests, financing, guarantees, and close business relations with the Company, non-auditing businesses, or violation of independence of the CPA.</p>	<p>However, the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and related regulations shall apply where there are regulatory or actual requirements.</p>

### III. Corporate Governance

Evaluation item	Implementation Status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
		<p>In addition, the CPA does not hold any of the Company's shares, nor is the CPA hired by the Company or serves in the Company or a violation of the Certified Public Accountant Act or Article 37 of the Securities and Exchange Act those results in penalty by the Financial Supervisory Commission. After inspections, the Company's certifying accountant has been verified to be in compliance with requirements for independence as specified in the Certified Public Accountant Act and related regulations and the items of adaptability.</p>	
<p>4.. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?</p>	V	<p>Chung, Chih-Chun, CFO of the Company has been the Corporate Governance Officer and the CFO Office setting sufficient members is in charge of related affairs regarding corporate governance in the Company. The Office has accumulated more than three years of work experience in financial management in public companies.</p> <p>Related corporate governance affairs include supplying information to Directors for the performance of their affairs, assisting Directors in regulatory compliance, organizing shareholders meetings and Board of Directors meetings in accordance with laws, producing meeting minutes, and processing company registration and change of registration.</p> <p>The status of business operations in 2022 was as follows:</p> <ol style="list-style-type: none"> <li>1. The Office planned the schedules for the meetings of the Board of Directors and the Audit Committee for the year, formulated meeting agenda, assisted the chairmen in convening meetings in accordance with laws, and delivered meeting information and agenda within the required time.</li> <li>2. The Office was responsible for examining matters related to the release of material information about the important resolutions approved by the Board of Directors to ensure the legality and accuracy of the content of the material information and maintain information symmetry for investor trading.</li> <li>3. Assist directors in performing their duties and improve the effectiveness of the board of directors, and be responsible for handling matters required by directors.</li> <li>4. The Office organized courses on May 3 and November 2 of total 6 hours for Directors to meet the number of course hours recommended in the regulations.</li> <li>5. The Office assisted the implementation of internal performance evaluation for the Board of Directors.</li> </ol>	None

### III. Corporate Governance

Evaluation item	Implementation Status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
		<p>6. The Office processed related affairs in the shareholders meeting in accordance with laws and announces the Procedures Manual, Annual Report, and related information in Chinese and English before the benchmark deadlines specified in the Corporate Governance Evaluation.</p> <p>7. Update the company's website information on time to enable investors to understand the company's financial, business, and corporate governance information to protect shareholders' rights.</p>	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V	The Company has established a stakeholder area on the company website and assigned a contact window to be directly responsible for communications with stakeholders. The Company respects and maintains their legal rights and they may contact the Company through telephone or email at any time.	None
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V	The Company has appointed the Department of Stock Affairs at Yuanfa Securities Co., Ltd. to process affairs related to shareholders' meetings.	None
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle	V	<p>(1) The Company has established a corporate website. Disclosed information can also be found on the Market Observation Post System.</p> <p>(2) The Company's website is available in Traditional Chinese and English. The Company has designated a unit responsible for the collection and disclosure of company information and implemented a spokesperson system.</p>	None

### III. Corporate Governance

Evaluation item	Implementation Status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
<p>information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)? (3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?</p>	V	<p>(3) A. The annual financial report in 2022 has been announced on February 22, 2023. B. The monthly operating statements and the financial reports for the first, second and third quarters in 2022 has been announced before the specified deadline.</p>	
<p>8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?</p>	V	<p>(1) Employee benefits and care: In addition to following the regulations in the Labor Standards Act and related laws, the Company also established an Employee Welfare Committee to provide various subsidies and organize events. Please refer to pages 113~117. (2) Investor relations: The Company has established a spokesperson and shareholder service department to announce information on behalf of the Company. The Company also established an investor service area on the company website for shareholders to find information on the Company's operating status at any time. (3) Supplier relations and stakeholder rights: The Company maintains good relations as well as open and effective communication channels with suppliers, financial institutions, other creditors, and clients. The Company has established a stakeholder area on the company website and assigned a contact window to be directly responsible for communications with stakeholders. The Company respects and maintains their legal rights. (4) Directors' continued studies:</p>	None

### III. Corporate Governance

Title	Name	Course	Hours
Chairman	Lin, Lung-Fen	How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance	3
Director	Cheng, Deng-Yuan	How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance	3
Director	Huang, Ting-Rong	How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance	3
Director	Huang, Chi-Rong	How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance	3
Director	Lu, Ta-Wei	How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance	3
Director	Shaw, Shung-Ho	How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance	3



### III. Corporate Governance

Evaluation item	Implementation Status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons												
	Yes	No													
		<p>Summary Description</p> <p>Regulations-Analysis of Legal Norms and Practical Cases of Insider Trading</p> <p>(5) The Company's managerial officers' participation in related corporate governance studies:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Course</th> <th>Hours</th> </tr> </thead> <tbody> <tr> <td>CFO, Corporate Governance Officer/Vice President</td> <td>Chung, Chih-Chun</td> <td>How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance Which is true? Which is false? Crisis management in the face of false reports Aspects of ESG Governance - From Knowing to Doing New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance</td> <td>3 3 3 3</td> </tr> <tr> <td>Accounting Manager</td> <td>Cheng, Yuan-Yih</td> <td>How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance Securities Firms, and TWSE Chief Accounting Officer</td> <td>3 3 12</td> </tr> </tbody> </table>	Title	Name	Course	Hours	CFO, Corporate Governance Officer/Vice President	Chung, Chih-Chun	How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance Which is true? Which is false? Crisis management in the face of false reports Aspects of ESG Governance - From Knowing to Doing New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance	3 3 3 3	Accounting Manager	Cheng, Yuan-Yih	How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance Securities Firms, and TWSE Chief Accounting Officer	3 3 12	
Title	Name	Course	Hours												
CFO, Corporate Governance Officer/Vice President	Chung, Chih-Chun	How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance Which is true? Which is false? Crisis management in the face of false reports Aspects of ESG Governance - From Knowing to Doing New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance	3 3 3 3												
Accounting Manager	Cheng, Yuan-Yih	How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance Securities Firms, and TWSE Chief Accounting Officer	3 3 12												



### III. Corporate Governance

Evaluation item	Implementation Status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons																		
	Yes	No																			
		<table border="1"> <thead> <tr> <th colspan="2">Summary Description</th> <th></th> </tr> </thead> <tbody> <tr> <td>Chief Audit Executive</td> <td>Tsai, Chun-Hsiung</td> <td>6</td> </tr> <tr> <td></td> <td>How to adjust the internal control system to cope with the new norms of ESG</td> <td>6</td> </tr> <tr> <td></td> <td>Power BI-data integration and analysis</td> <td>6</td> </tr> <tr> <td></td> <td>How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance</td> <td>3</td> </tr> <tr> <td></td> <td>New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance</td> <td>3</td> </tr> </tbody> </table> <p>(6) The implementation of risk management policies and risk evaluation measures: The Company has established the "Risk Assessment Board (RAB)" to review the Company's major transactions to reduce risks. On December 21, 2022, the company passed the resolution of the board of directors to form a "Risk Management Committee" across departments and formulated the "Risk Management Best Practice Principles", "Risk Management Policies and Procedures" and "Risk Management Committee Charter" to establish a sound The risk management system, and sound and stable operation. Please refer to pages 308~313 for other risk management policies.</p> <p>(7) Customer protection policy: The Company is an information service company and provides service lines for various service items to protect customer interests.</p> <p>(8) Liability Insurance for Directors: The Company has purchased liability insurance for Directors and managerial officers in 2023 and reported to the Board Meeting on February 22, 2023.</p>	Summary Description			Chief Audit Executive	Tsai, Chun-Hsiung	6		How to adjust the internal control system to cope with the new norms of ESG	6		Power BI-data integration and analysis	6		How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance	3		New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance	3	
Summary Description																					
Chief Audit Executive	Tsai, Chun-Hsiung	6																			
	How to adjust the internal control system to cope with the new norms of ESG	6																			
	Power BI-data integration and analysis	6																			
	How Directors and Supervisors supervise risk management and crisis management to strengthen corporate governance	3																			
	New Cross-Border and Cross-Border Cybersecurity Threats and Information Security Governance	3																			
9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. (If the Company was not included among the companies evaluated for the given recent year, this item does not need to be completed.)																					
(1) The items of improvement in 2022:																					
A. On December 21, 2022, the board of directors resolved to formulate the "Risk Management Best Practice Principles", "Risk Management Policies and Procedures" and "Risk Management Committee Charter", and on the same day approved the establishment of a cross-department "Risk Management Committee" to assist The board of directors communicates, reports and advises on risk management, with the aim of broadly influencing all employees and organizations through the decision-making process and the support actions of leaders due to the support of the decision-making layer for risk culture, and regularly reports the implementation of risk																					

### III. Corporate Governance

Evaluation item	Implementation Status		Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	
<p>management to the board of directors every year. .</p> <p>B. The "Sustainable Development Best Practice Principles" was approved by the board of directors on August 3, 2022. The unit that promotes corporate social responsibility is responsible for the proposal and implementation of corporate social responsibility policies, systems or related management guidelines and specific promotion plans, and Report regularly to the Board of Directors. Reported to the board of directors on December 21, 2022 on the implementation results in 2022 and the promotion plan in 2023.</p> <p>C. On November 1, 2022, the "Measures for Integrity Management Reporting System" was formulated.</p> <p>D. The board of directors resolved to establish an "Integrity Corporate Management Committee" under the board of directors on March 19, 2020, responsible for the formulation and supervision of the implementation of integrity management policies and preventive measures, and to report to the board of directors on the implementation of 2021 on December 22, 2021.</p> <p>(2) The items of improvement in 2023:</p> <p>A. On February 22, 2023, the " Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises " was formulated to improve the business relationship between the company and related parties, prevent purchase and sale transactions between related parties, obtain and dispose of assets , There are unconventional transactions and improper benefit transfers in endorsement guarantees and capital loans.</p> <p>B. Since 2023, the minutes of shareholders' regular meetings will be recorded the important content of shareholders' questions and company's replies.</p> <p>C. Since 2023, the changes in shareholding of Directors and Mangers will be reported before the 10th of each month.</p> <p>D. Plan to conduct risk assessments on environmental, social, or corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies.</p> <p>E. Plan to formulate workplace diversity or promote gender equality policies, and disclose their implementation.</p> <p>F. Plan to assess the risks or opportunities to the community and take corresponding measures, and disclose the specific measures and implementation results on the company website, annual report or sustainability report.</p> <p>G. Plan to invest resources to support domestic cultural development, and disclose the support methods and results on the company website, annual report or sustainability report.</p>			

## III. Corporate Governance

### 3.4.4 Composition, Responsibilities and Operations of the Remuneration Committee

#### A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

As of March 27, 2023

Capacity	Criteria	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
	Name			
Independent director (Convener)	Cheng, Wen-Feng	Please referred page 20~21, the Information Regarding the Professional Qualifications and Experience and the Independence of Independent Directors.		0
Independent director	Lai, Chien-Hua			0
Independent director	Huang, Ta-Lun			1

#### B. Attendance of Members at Remuneration Committee Meetings

The Compensation Committee comprised of 3 members.

A total of 1 (A) Remuneration Committee meetings of the 9th Board of Directors (ended to May 25, 2022) were held in the previous period.

The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) [ B / A ]	Remarks
Convener	Cheng, Wen-Feng	1	0	100%	
Committee Member	Huang, Jih-Tsan	1	0	100%	
Committee Member	Lai, Chien-Hua	1	0	100%	

A total of 3 (A) Remuneration Committee meetings of the 10th Board of Directors (commenced from May 26, 2022) were held in the previous period.

The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance Rate (%) [ B / A ]	Remarks
Convener	Cheng, Wen-Feng	3	0	100%	
Committee Member	Lai, Chien-Hua	3	0	100%	
Committee Member	Huang, Ta-Lun	3	0	100%	

Other mentionable items:

(1) If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.

### III. Corporate Governance

(2) Resolutions of the remuneration committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified:

Meeting Dates	Contents Proposed	Resolutions of the Remuneration Committee	Handling of the resolutions of the Remuneration Committee
February 23, 2022	The 2021 director remuneration distribution plan.	Approved	Approved and referred to the Board.
	The 2021 employee remuneration distribution plan.	Approved	Approved and referred to the Board.
	The review results and bonuses of managerial officers for the second half of 2021.	Approved	Approved and referred to the Board.
	The distribution of the bonuses and annual remuneration for managerial officers of 2021.	Approved	Approved and referred to the Board.
	The 2022 KPI settings and remuneration structure for managerial officers.	Approved	Approved and referred to the Board.
	The issuing 2022 employee restricted stock awards.	Approved	Approved and referred to the Board.
May 26, 2022	Elected the Convener of Remuneration Committee	Approved	Reported to the Board.
August 3, 2022	The review results and bonuses of managerial officers for the first half of 2022.	Approved	Approved and referred to the Board.
	The amended the "Procedures for the board performance evaluation".	Approved	Approved and referred to the Board.
	The distributed of 2022 employee restricted stock awards for managerial officers.	Approved	Approved and referred to the Board.
November 3, 2022	The 2022 KPI settings and remuneration structure for new managerial officer.	Approved	Approved and referred to the Board.

(3) Scope of responsibilities for the Remuneration Committee:

A. Establish and perform regular reviews of the Company Director and Manager's performance targets and compensation policy, system, standards, and structure.

B. Regularly evaluate the Company Director and Manager's performance targets and compensation.

3.4.5 Composition, Responsibilities and Operations of the Nomination committee: None.

### III. Corporate Governance

#### 3.4.6 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V	<p>1. In order to implement the sustainable development of the company, the company established an ESG executive team in 2020, the highest governance level is the chairman of the SYSTEX group, and set up "Chief Sustainability Officer (CSO)" in 2021, who is concurrently served by Huang, Yu-Jen, the CHO, to coordinate corporate governance, environmental sustainability, and happiness. Working groups such as employee and social participation, each group assigns relevant department heads as leaders to supervise the implementation of management projects, and assists in inventorying the responsible indicator data when compiling corporate sustainability reports. Promote coordination and cooperation among various departments of the company, and regularly report the implementation results to the chairman.</p> <p>2. The ESG executive team manages in accordance with the PDCA cycle, expecting to integrate sustainable development strategies into daily operations, and implement the sustainable spirit of continuous improvement and refinement.</p> <p>3. Implementation results in 2022: three meetings has been held on March 10, September 13 and December 27, and the CSO reported the project plan and progress to the chairman from time to time. On December 21, report to the board of directors on the promotion results of sustainable development affairs and the promotion plan in 2023.</p>	None
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V	<p>1. The information covers the sustainability performance of the SYSTEX Group's major operating locations from January to December in 2022. The risk assessment boundary includes SYSTEX's Taipei Headquarters and affiliated companies in Taiwan (Systex Software &amp; Service Corp., SoftMobile Technology Corp., Systex Solutions Corp., Naturint Ltd., Concord System Management Corp., Syspower Corp., Top Information Technologies Co., Ltd., Taifon Computer Co., Ltd., Taiwan Information Service Technology Corp., Nexsys Corp., E-service Information Co., Palsys Digital Technology Corp., Dawning Technology Inc., uniXecure Technology Corp., Smartsys Technology Corp., MISYS Corp. and Docutek Solution, Inc.).</p>	None

### III. Corporate Governance

Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	
		<p>2. On December 21, 2022, the company passed the resolution of the board of directors to form a "Risk Management Committee" across departments and formulated the "Risk Management Best Practice Principles", "Risk Management Policies and Procedures" and "Risk Management Committee Charter" to establish a sound The risk management system, and sound and stable operation.</p>	
<p>3. Environmental issues</p> <p>(1) Has the Company set an environmental management system designed to industry characteristics?</p>	V	<p>(1) In order to truly grasp the potential impact of extreme weather on operations, the company plans to introduce three major environmental management systems in 2020: "ISO 14001 Environmental Management System", "ISO 14064-1 Greenhouse Gas Inventory", and "ISO 50001 Energy Management System", in order to effectively track and manage various environmental data and performance actions, and reduce the negative impact on the environment during the operation process. And by the end of 2021, the third-party audit process will be completed, and three management certifications will be obtained, which has been disclosed in the sustainability report and the company's website. (<a href="https://tw.systex.com/esg-download/">https://tw.systex.com/esg-download/</a>)</p> <p>(2) The company formulates environmental protection policies, responds to energy conservation and carbon reduction, implements green procurement, purchases and leases products from manufacturers with energy-saving and energy-saving features with environmental protection labels, in order to reduce the load on the environment, and replaces and improves power-consuming equipment every year and promotes energy conservation. Take other measures, regularly check the ventilation pipeline and clean the blower, adjust the temperature of the air conditioner host, and set the air conditioner temperature to not be lower than 25 to 26 degrees Celsius. In 2022, the air-conditioning operating model will be analyzed using the EMS energy management system. In spring, autumn, and winter, the air-conditioning system can greatly reduce its load by intaking external air and reduce its operating time. With the EMS energy management system, more than 70,000 kWh of electric consumption can be saved in a year.</p> <p>To reach the Company's goal of net zero emissions, the Company procures green and</p>	
<p>(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?</p>	V		None

### III. Corporate Governance

Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons												
	Yes	No													
			renewable energy every year, and in 2022 procured 89,000 kWh of renewable energy certificates (RECs). In 2022, the electricity consumption of SYSTEX Neihu Building Office is 5,665,093 kWh (equivalent to 2,883 metric tons of CO2 emissions), which is 5,692,079 kWh (equivalent to 2,897 metric tons of CO2 emissions) in 2020, reducing electricity consumption by 26,986 kWh, which is equivalent to reducing CO2 emissions 14 metric tons, a decrease of 0.5% from 2020. The electricity saving target in 2023 is to reduce electricity consumption by 1%, and the long-term cumulative reduction target in 2024 will be reduced by 5% compared with 2020.												
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V	<p>(3) The Global Risk Report 2023, published by the World Economic Forum, points out that climate action failure is once again the no. 1 risk in the world, which shows that climate crisis is an urgent issue for businesses. To comprehensively evaluate climate-related risks and opportunities, the Company adopts the four dimensions of the Task Force on Climate-related Financial Disclosures (TCFD), namely governance, strategy, risk management, and indicators and goals, as a basis for relevant identifications and analyses. SYSTEX Corporation's Climate-related Financial Disclosures can be found in detail on the "climate risk" section of SYSTEX's website.</p> <p>The analysis of climate-related risks and opportunities has been disclosed in detail in SYSTEX's Sustainability Report. (<a href="https://tw.systex.com/climate_risk/">https://tw.systex.com/climate_risk/</a>)</p> <p>(4) a. The company's Neihu headquarters building will complete the ISO 14064-1 Scope 1, 2, and 3 inventory and third-party verification in 2020. Greenhouse gas emissions in the last two years: Unit: mt CO2e</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Scope 1</th> <th>Scope 2</th> <th>Scope 3</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>7.5</td> <td>2,779.5</td> <td>566.9</td> </tr> <tr> <td>2022</td> <td>8.1</td> <td>2,883.5</td> <td>573.6</td> </tr> </tbody> </table> <p>In 2022, Scope 1 and Scope 2 emissions from electricity in Scope 2 totaled 2,883.5 mt CO2e, followed by indirect emissions from Scope 3 electricity totaling 573.6 mt</p>	Year	Scope 1	Scope 2	Scope 3	2021	7.5	2,779.5	566.9	2022	8.1	2,883.5	573.6	
Year	Scope 1	Scope 2	Scope 3												
2021	7.5	2,779.5	566.9												
2022	8.1	2,883.5	573.6												
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V														

### III. Corporate Governance

Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons						
	Yes	No							
		<p>Summary Description</p> <p>C02e. (The data of 2022 emissions was obtained through internal inventory. Its third-party verification is expected to be implemented in August 2023, and the results will be disclosed on the Company's website. <a href="https://tw.systex.com/greenhouse-gas-inventory/">https://tw.systex.com/greenhouse-gas-inventory/</a>)</p> <p>In addition, in response to climate change and to promote the company's sustainable operation, the company will continue to negotiate the purchase of renewable energy and invest in the development of energy-saving products in the future, and expects to achieve "net zero carbon emissions from the headquarters building" by the end of 2040.</p> <p>b. Water consumption in the last two years:</p> <p style="text-align: right;">Unit: degree</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Year</th> <th>total consumption of water</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>17,426</td> </tr> <tr> <td>2022</td> <td>21,112</td> </tr> </tbody> </table> <p>The company's Neihu headquarters building uses automatic induction water supply faucets and devices to adjust the flushing volume of toilets to save water. He also made water-saving slogans in the tea room, reminding colleagues to save water at any time and do their best for the earth. The water saving in 2022 will be 1,443 degrees less than the total number of degrees in 2020, a decrease of 6%. Starting in 2020, the 2023 target has been set to reduce by 1%.</p> <p>The company is committed to environmental protection. The ESG executive team conducts annual performance reviews and performs internal and external audits. In 2020, the Neihu headquarters building passed the ISO 14001 environmental management system verification.</p>	Year	total consumption of water	2021	17,426	2022	21,112	
Year	total consumption of water								
2021	17,426								
2022	21,112								



### III. Corporate Governance

Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons											
	Yes	No												
		<p>c. Waste output in the last two years:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Unit:mt</th> </tr> <tr> <th>general waste</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>56.7</td> <td>66.9</td> </tr> <tr> <td>2022</td> <td>56.1</td> <td>68.7</td> </tr> </tbody> </table> <p>Office waste is indeed sorted to reduce pollution to the environment. The contracted cleaning company is commissioned to collect statistics on waste and resource recovery every month to check performance.</p> <p>The company's waste output in 2022 will be 56.1 metric tons, a decrease of 2.4 metric tons (4%) compared with the output in 2020. The target for 2023 is to decrease by 1%, and the annual plan target has been achieved.</p>	Year	Unit:mt		general waste	Total	2021	56.7	66.9	2022	56.1	68.7	
Year	Unit:mt													
	general waste	Total												
2021	56.7	66.9												
2022	56.1	68.7												
<p>4. Social issues</p> <p>(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations with international human rights conventions?</p>	V	<p>(1) The company supports and follows internationally recognized human rights norms and principles, including the "Universal Declaration of Human Rights", the "UN Global Compact" and the "Declaration of Fundamental Principles and Rights at Work" of International Labor Organization.</p> <p>The Company has established the "Policy of Human Right of SYSTEX and Subsidiaries" and has be disclosed in the company's website.</p> <p>The company also has a human rights due diligence process to identify potential issues of human rights risks and affected objects, conduct risk assessments, formulate and implement risk mitigation measures based on the assessment results, and track the implementation of improvement plans to control and reduce human rights risks, to achieve the management objectives of human rights risks .</p> <p>The company strictly abides by local labor laws and regulations, eliminates any violations and violations of human rights, treats and respects all colleagues with a fair and equitable attitude, and at the same time enhances the human rights awareness of internal colleagues and stakeholders. A total of 961 people participated in the introduction of human rights-related content; in addition, training related to human rights protection was carried out for colleagues, with a total time of 2,536.5 hours, and</p>	None											

### III. Corporate Governance

Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V	<p>a total of 2,143 people participated in the training. In the future, we will continue to promote relevant education and training to reduce the possibility of related human rights risks.</p> <p>Other contents of the "Policy of Human Right of SYSTEX and Subsidiaries" has be disclosed in the sustainability report and the company's website. (<a href="https://tw.systex.com/employee-benefits/">https://tw.systex.com/employee-benefits/</a>)</p> <p>(2) The employee benefit and the policy of employee salaries:  A. Welfare measures for employees: please refer to pages 114.  B. Workplace Diversity and Equality  In order to promote diversity in the workplace, equal pay for equal work and equal promotion opportunities for men and women, and promote sustainable and inclusive economic growth.in 2021: (a) The average proportion of female staff is 39.10%, and the average proportion of female supervisors is 25.71%. (b) Use disabled colleagues to reach the 100% target.  C. Business performance and employee remuneration  The Company's remuneration policy is "high performance, high contribution, and high remuneration". Remuneration standards are periodically reviewed, with flexible bonus structures for each position. The goal is to create bonus programs that improve company operations, team performance, and individual performance.  The company's articles of association stipulate that if the company makes profits in the year, no less than 0.1% should be appropriated as employee remuneration, and the object of employee remuneration payment includes employees of subordinate companies who meet certain conditions.</p> <p>(3) The information of Working Environment and Protective Measures for Employees Personal Safety, please refer to pages 116~117.</p> <p>(4) The information of Training and Career Development, please refer to pages 114~116.</p>	
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		
(4) Has the Company established effective career development	V		

### III. Corporate Governance

Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
<p>training programs for employees?</p> <p>(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?</p>	V	<p>(5) The Company is a leading company in Taiwan's information service industry that places a high value on the protection of consumer rights in procedures including the provision, establishment, management, maintenance, and operations of information services. The Company provides comprehensive systems and complaint procedures for each operating method and service procedure derived from various products and services in order to protect consumer rights. For instance, a customer service center was established for financial-related products while an online service and support center was established for product and system maintenance to provide high-quality customer support. The Company also actively introduced international certification and standards such as the ISO 9001 quality management systems certification, ISO 27001 information security management system certification, ISO 22301 business continuity management system certification, and BS 10012 personal information management system certification. To enhance information security management and ensure data, systems, equipment, and network security, as well as personnel security, legal compliance, customer interests, protection of personal information, etc.</p> <p>(6) In order to implement corporate social responsibility, promote sustainable environmental development, and safeguard basic human rights, the company hopes that the supply of cooperation can still adopt the same standards and fulfill corporate social responsibility together, and specially formulated the "Supplier Corporate Social Responsibility Code of Conduct" it is hoped that all suppliers and their downstream suppliers, contractors or service providers will recognize and adopt it. And promote supplier CSR questionnaire self-evaluation, suppliers sign integrity commitments, establish a high-quality supplier evaluation system and classification, establish a compliant procurement system, hold supplier forums, and invite representatives of high-performance suppliers to share actual promotion experience and optimize suppliers CSR evaluation process and priority procurement policy for green products. By the end of 2022, 866 copies of the supplier CSR questionnaire self-assessment have been signed, 843 copies of supplier cyber security and personal data protection self-</p>	
<p>(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?</p>	V		

### III. Corporate Governance

Item	Implementation Status		Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
		<p>evaluation questionnaires, 1,244 copies of supplier CSR codes of conduct, suppliers' integrity commitment letter and 2,147 copies of the manufacturer's integrity commitment and joint declaration have been signed.</p> <p>In addition, every year, key suppliers are defined according to conditions such as transaction volume, order volume, uniqueness, etc., and implement corporate sustainability and social responsibility audit plans. . require the supplier to explain each topic and provide supporting materials to ensure that there are actual relevant actions. An audit team is formed by the company's procurement team to conduct on-site audits depending on the supplier's situation.</p>	
5. Does the company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?	V	<p>(1) The Company published the Sustainability Report in July 2022. The report focused mainly on SYSTEX's Taipei Headquarters and affiliated companies in Taiwan.</p> <p>(2) The report follows the GRI Standards the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB)-Software &amp; IT Services.</p> <p>(3) The report has been authenticated AA1000AS V3 Licensed Assurance Statement (Type 1) by SGS.</p>	None
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: N/A			
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: (1) The Company published its first Corporate Social Responsibility Report in 2020. The main contents include sustainable governance, friendly workplace, environmental sustainability, and technology for good deeds, and related promotion of sustainable development, which has been regerred in the company's website. ( <a href="https://tw.systex.com/esg-download/">https://tw.systex.com/esg-download/</a> ) (2) In 2022, the company won awards, please refer to pages 10.			

### III. Corporate Governance

#### 3.4.7 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Evaluation item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
<p>1. Establishment of ethical corporate management policies and programs            (1) Does the company have an ethical corporate management policy approved by its Board of Directors, and by laws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p>	V		(1) The Company has established the "Ethical Corporate Management Best Practice Principles" to assist the Company in fostering a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices. And invite directors and senior managers to sign follows the integrity management policy statement.
<p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for</p>	V		(2) The "Employee Code of Conduct" was established for the employees to abide by laws and regulations, comply with professional code of conduct, and maintain principles of honesty and integrity when conducting business. And there is dishonesty in the "Ethical Corporate Management Best Practice Principles" behavioral risk assessment mechanism, regularly analyze and evaluate Business activities with a higher risk of dishonesty are based on which a prevention plan is formulated And regularly review the appropriateness and effectiveness of the prevention plan.

### III. Corporate Governance

Evaluation item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
<p>TWSE/TPE Listed Companies?</p> <p>(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?</p>	V	(3) The Company has established the "Procedures for Ethical Corporate Management and Guidelines for Conduct" for the employees to maintain principles of honesty and integrity when conducting business and abide by laws and regulations while complying with professional code of conduct. The Company also established the "Employee Code of Conduct" to convert the Company's business ideals and values into institutionalized regulations.	
<p>2. Ethical Management Practice</p> <p>(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p>	V	(1) Before conducting transactions, the Company shall assess the legitimacy of the transaction counterparty and consider whether it has prior records that are unethical. The Company maintains business ideals of honesty and integrity and it has established sound corporate governance and risk management mechanisms to be implemented in internal management and external business activities.	
<p>(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?</p>	V	(2) The Company's various functional departments promote ethical corporate business ideals and supervise one another through organizational arrangements. The Audit Division is responsible for day-to-day implementation of various internal auditing tasks. Board resolution passed Set up the "Integrity Management Committee" under the Board of Directors, responsible for integrity. The committee members are composed of chief of staff, vice chief of staff, CFO, CFO, commercial supervisors, and legal supervisors will serve as the chief of staff for each meeting. The meeting was chaired by the chief of staff. The formulation and supervision of operating policies and preventive measures has reported to the board of directors in December 21, 2022.	None
<p>(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint</p>	V	(3) The Company has established a stakeholder area on the company website and assigned a contact window to be directly responsible for communications with stakeholders. The Company respects and maintains their legal rights and they may contact the Company through telephone or email at any time. The email of the Audit	

### III. Corporate Governance

Evaluation item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
<p>channels, and properly implemented such policies?</p> <p>(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p>	V	<p>Committee is also established on the company website as a channel for stakeholders to provide suggestions or file complaints.</p> <p>(4) The Company established its accounting system and internal control system in compliance with regulations. The Audit Division established the Enforcement Rules of Internal Auditing and uses the Rules to implement and evaluate the current control systems, the effectiveness of procedures, and the compliance system.</p> <p>The internal auditing unit should establish relevant audit plans following the results of risk assessments for unethical behavior. The plans should include audit target, scope, items, and frequency, and used to audit compliance with prevention programs. Accountants can be tasked with the audit, and, if necessary, professionals could be hired to provide their assistance. The results of audits should be reported to high-level management and the Ethical Corporate Management Committee and compiled into audit reports for the Board of Directors.</p> <p>The Audit tasks mainly include audit plans approved by the Board of Directors as well as project auditing or review in accordance with requirements. The internal audit and review of the self-inspections conducted by various units and results of comprehensive self-inspections are reported to the Board of Directors as evaluation of the effectiveness of the overall internal control system and the basis of the submission of the Statement of Internal Control System.</p>	
<p>(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p>	V	<p>(5) The Company conducts education and training for employees and announces the "Employee Code of Conduct" on the Company's internal website. The Company also notifies each employee through mail each month to remind them to abide by laws and regulations, comply with professional code of conduct, and maintain principles of honesty and integrity when conducting business. At the same time, Systex conducts an online test for all employees every 4 months on the case description model of honest operation, with digital courses for those that fail to pass to strengthen employees' attention and requirement of honest and legal operation.</p> <p>The contents of the implementation in 2022 are as follows:  a. SYSTEX educates new employees on ethical corporate management as part of compulsory training. The company has so far trained 688 people in 2022.</p>	

### III. Corporate Governance

Evaluation item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
			<p>b. Each year, SYSTEX educates the directors, managerial officers and employees on its "Internal Material Information Disclosure Operating Guidelines". To remind everyone of what they should pay attention to before and after receiving major information to avoid violating laws and regulations, the Company has compiled notes and case studies of insider training for employees to read and be tested on, so that employees stay well informed about relevant regulations. In December 2022, the company's directors and colleagues were given education and publicity related to insider trading. Up to now, a total of 3,561 person-times have completed the online publicity courses, and the total number of class hours has reached 1,187 hours, and the training completion rate is 98.9%.</p> <p>c. The Company conducts monthly "Employee Code of Conduct" training using case studies from the news. This program includes both domestic and overseas subsidiary companies. A total of 42,252 person-times have taken part in the training as of 2022.</p> <p>d. SYSTEX conducts at least twice "Ethical Corporate Management Best Practice Principle" training and exam each year to fully educate employees on ethical corporate management ideals. As of 2022, 7,157 person-times have taken part in the training.</p> <p>e. An online "Ethical Corporate Management &amp; Code of Professional Ethics" course was added in November 2019 to give additional training to employees that did not pass training exams.</p> <p>f. The directors are regularly announced the principles of integrity management of the company.</p> <p>g. In 2022, 2 seminars on integrity management were held, which were attended by supervisors above the division level, with a total of 538 person-times.</p>
3. Implementation of Complaint Procedures (1) Has the company established specific whistle-blowing and reward procedures, set up	V	(1) The company's integrity management committee has a dedicated independent reporting mailbox to provide inspection It is handled by a dedicated person, all complaints are completely confidential, and	None



### III. Corporate Governance

Evaluation item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?		It is verified by an independent pipeline to protect the whistleblower.	
(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?	V	(2) The Company has established the "Employee Code of Conduct" and "Measures for Integrity Management Reporting System" and provides complete confidentiality for whistleblowers and reported items. The Company has established follow-up measures to be taken after a reported case is investigated depending on the severity of the situation. If necessary, the case should be reported to governing authorities or given to judicial investigation.	
(3) Has the company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	V	(3) The company protects the identity of whistleblowers from inappropriate treatment and threats that may arise from the report.	
4. Strengthening Information Disclosure Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V	The Company discloses its ethical business policies in the internal regulations, corporate website, and annual reports.	None
5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: There have been no differences.			

### III. Corporate Governance

Evaluation item	Implementation Status		Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	
<p>6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles):</p> <p>The company regards compliance with the Company Law, the Securities Exchange Law, the relevant regulations on TWSE/TPEX Listed Companies, and other business conduct-related laws and regulations as the basis for implementing honest business operations. In addition, pay attention to the development of relevant norms of integrity management at any time, and review the company's " Corporate Governance Best Practice Principles ", " Ethical Management Best Practice Principle ", "Code of Conduct for Directors and Managers" and "Code of Conduct for Employees of SYSTEX and Subsidiaries " and other self-regulatory norms .</p>			

## III. Corporate Governance

---

### 3.4.8 Corporate Governance Guidelines and Regulations

Please refer to the Company's website at [www.systemex.com](http://www.systemex.com).

### 3.4.9 Other Important Information Regarding Corporate Governance

A. The Company has established the "Internal Material Information Disclosure Operating Guidelines" to prevent inappropriate disclosure when the Company's Directors, managerial officers or employees process or disclose material information and maintain consistency and accuracy in disclosure of information. The main contents are:

- (a) Applicable targets, scope of internal material information, and entities responsible for implementation.
- (b) Operating procedures for keeping internal material information confidential.
- (c) Operating procedures for disclosing internal material information.
- (d) Processing irregularities and violations.

The "Internal Material Information Disclosure Operating Guidelines" have been passed by the Company's Board of Directors in a resolution and announced on the Company's internal website.

To implement the Company's spokesperson system and confidentiality of internal material information, the Company has established the "Internal Material Information Disclosure Operating Guidelines" and the "Internal Material Information Confidentiality Firewall Operating Guidelines" which are also announced on the Company's internal website.

B. Other Important Information Regarding Corporate Governance: please refer to pages 49~54 of "Corporate Governance Implementation Status and Deviations from "Corporate Governance – Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons" No.8.

## III. Corporate Governance

---

### 3.4.10 Internal Control System Execution Status

#### A. Statement of Internal Control System

Please refer to page 56 of the Chinese annual report.

B. If CPA was Engaged to Conduct a Special Audit of Internal Control System, Provide Its Audit Report: None.

### 3.4.11 Lawful punishment inflicted on the Company, and/or disciplinary action taken by the Company against its employees for violating internal regulations in the latest year and up to the printing date of this Annual Report); important errors committed, and correction and improvement procedures: None.

### 3.4.12 Major Resolutions of Shareholders Meeting and Board Meetings

#### A. Important resolutions from the annual shareholders' meeting on May 26, 2022 and current status:

- (a) Ratified the business report and the financial statements for 2021.
- (b) Ratified the earnings distribution proposal for 2021.
- (c) Approved the amendment to the "Articles of Incorporation".
- (d) Approved the amendment to the "Procedures for the Acquisition and Disposal of Assets"
- (e) Approved the amendment to the "Rules of Procedures for Shareholders Meetings".
- (f) Approved the issuing 2022 employee restricted stock awards.
- (g) Elected the 10th Board of Directors.
- (h) Approved the non-competition restriction on directors.

Review of the current status of the implementation of resolutions:

- (a) The 2021 Earnings and Capital Surplus distribution proposal by cash have been carried out and all dividends have been distributed to shareholders on July 8, 2022 after the resolution in the Board of Directors meeting on April 12, 2022 and have been reported in the 2022 annual shareholders' meeting.
- (b) The amendment to the "Articles of Incorporation", "Procedures for the Acquisition and Disposal of Assets" and "Rules of Procedures for Shareholders Meetings" has been implemented after the approval of the shareholders meeting.
- (c) The issuing 2022 employee restricted stock awards has been issued 3,000,000 shares by NT\$0 on September 1, 2022.
- (d) Completed the election of 10th Board of Directors.

#### B. Important resolutions of Board meetings in 2020 and during the current fiscal year up to the date of publication of the annual report:

##### (a) February 23, 2022:

- i. Approved the "Statement of Internal Control System" for 2021.
- ii. Approved the business report and the financial statements for 2021.
- iii. Approved the 2021 employee remuneration distribution plan.
- iv. Approved the 2021 director remuneration distribution plan.
- v. Approved the amendment to the "Articles of Incorporation".
- vi. Approved the amended "Procedures for the Acquisition and Disposal of Assets".
- vii. Approved the issuing 2022 employee restricted stock awards.
- viii. Approved elected the 10th Board of Directors at the 2022 general shareholders' meeting.
- ix. Approved the non-competition restriction on directors.
- x. Approved the proposed calling of 2022 general shareholders meeting.
- xi. Approved the hire of a consultant.
- xii. Approved the changed business address of Kaohsiung Branch.
- xiii. Approved the review results and bonuses of managerial officers for the second half of 2021.
- xiv. Approved the distribution of the bonuses and annual remuneration for managerial officers of 2021.
- xv. Approved the 2022 KPI settings and remuneration structure for managerial officers.

##### (b) April 12, 2022:

- i. Approved the amended Internal Control System.

### III. Corporate Governance

---

- ii. Approved the 2021 earnings distribution proposal.
  - iii. Approved the cash distribution from Capital Surplus.
  - iv. Approved the candidates of Independent Directors with the qualification requirements.
  - v. Approved the amended "Articles of Incorporation".
  - vi. Approved the amended "Rules of Procedures for Shareholders Meetings".
  - vii. Approved adjustment of the way of conferencing, location and agenda for 2022 general shareholders meeting.
- (c) May 3, 2022:
- i. Approved the amended Internal Control System.
  - ii. Approved the Financial Statements for the First Quarter Ended of 2022.
- (d) May 26, 2022:
- i. Election of the Company's Chairman.
  - ii. Approved the proposal for the establishment of an Audit Committee as a functional committee under the 10th Board of Directors.
  - iii. Approved the proposal for the establishment of a Remuneration Committee as a functional committee under the 10th Board of Directors.
- (e) August 3, 2022:
- i. Approved the amended Internal Control System.
  - ii. Approved the Financial Statements for the Second Quarter Ended of 2022.
  - iii. Approved the Capital increased by Cash of Syscore Corp.
  - iv. Approved the Capital increased by Cash of Syslink Corp.
  - v. Approved the disposal of common stocks of Taiwan Futures Exchange.
  - vi. Approved the formulated "Sustainable Development Best Practice Principles".
  - vii. Approved the record date for the issuance of 2022 employee restricted stock awards.
  - viii. Approved the amended "Procedures for distribution for directors' remuneration".
  - ix. Approved the remuneration for members of the Remuneration Committee.
  - x. Approved the distributed of the restricted stock for employees for managerial officers.
  - xi. Approved the review results of management team and the distribution of bonuses for the first half of 2022.
- (f) November 2, 2022
- i. Approved the Financial Statements for the Third Quarter Ended of 2022.
  - ii. Approved the 2022 KPI settings and remuneration structure for new managerial officer.
- (g) December 21, 2022:
- i. Approved the Audit program for 2023.
  - ii. Approved the consolidated operating budget for 2023.
  - iii. Approved the Company's financing loan credit line contract with financial institutions.
  - iv. Approved the endorsement guarantee for Systex Group (China) Ltd.
  - v. Approved the loan for the Subsidiary.
  - vi. Approved the cancellation of part of 2022 employee restricted stock awards and the record date of capital reduction.
  - vii. Approved the review results of the independence and adaptability of CPA.
  - viii. Approved the amended "Corporate Governance Best Practice Principles".
  - ix. Approved the amended "Procedures for Handling Material Inside Information".
  - x. Approved the amended "Procedures for Ethical Management" and "Ethical Corporate Management Committee Charter".
  - xi. Approved the formulated "Risk Management Best Practice Principles", "Risk Management Policies and Procedures" and "Risk Management Committee Charter".
  - xii. Approved the cancel of the changed business address of Kaohsiung Branch.
- (h) February 22, 2023:
- i. Approved the amended Internal Control System.

## III. Corporate Governance

---

- ii. Approved the "Statement of Internal Control System" for 2022.
  - iii. Approved the business report and the financial statements for 2022.
  - iv. Approved the 2022 employee remuneration distribution plan.
  - v. Approved the 2022 director remuneration distribution plan.
  - vi. Approved the performance of SYSTEX's operating goals of the Employee Restricted Stock Awards for Year 2022.
  - vii. Approved the amended "The Employee Restricted Stock Awards Rules for Year 2022".
  - viii. Approved elected one Independent Director at the 2023 general shareholders' meeting.
  - ix. Approved the non-competition restriction on directors.
  - x. Approved the amended "Corporate Governance Best Practice Principles".
  - xi. Approved the formulated "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises".
  - xii. Approved the amended "Sustainable Development Best Practice Principles".
  - xiii. Approved the amended "Rules of Procedure for Board of Directors Meetings".
  - xiv. Approved the proposed calling of 2023 general shareholders meeting.
  - xv. Approved the Company's financing loan credit line contract with financial institutions.
  - xvi. Approved the confirmed of the independence and adaptability of new CPA.
  - xvii. Approved the review results and bonuses of managerial officers for the second half of 2022.
  - xviii. Approved the distribution of the bonuses and annual remuneration for managerial officers of 2022.
  - xix. Approved the 2023 KPI settings and remuneration structure for managerial officers.
- (i) April 12, 2023:
- i. Approved the amended Internal Control System.
  - ii. Approved the cancellation of part of 2022 employee restricted stock awards and the record date of capital reduction.
  - iii. Approved the 2022 earnings distribution proposal.
  - iv. Approved the candidates of Independent Directors with the qualification requirements.
  - v. Approved the general principles of the company's pre-approved non-confirmed service policy.
  - vi. Approved the amended "Rules of Procedures for Shareholders Meetings".
  - vii. Approved adjustment of agenda for 2023 general shareholders meeting.
  - viii. Approved the custodian of the seal by endorsement guaranteed.
  - ix. Approved the changed business address of Kaohsiung Branch.

3.4.13 Major Issues of Record or Written Statements Made by Any Director or Independent Director Dissenting to Important Resolutions Passed by the Board of Directors: None.

3.4.14 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance Officer and R&D: None.

## III. Corporate Governance

### 3.5 Information Regarding the Company's Audit Fee

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non- Audit Fee (Note)	Total	Remarks
Deloitte & Touche Accounting Firm	Lin, Shu-Wan	2022.01.01~	5,980	920	6,900	-
	Kuo, Cheng-Hung	2022.12.31				

Note: The fee of review of the issuing restricted stock for employees is NT\$120 thousands and due diligence of pre-investment is NT\$800 thousands.

### 3.6 Information Regarding the Replacement of CPA

#### 3.6.1 Regarding the former CPA

Replacement Date	January 1, 2023		
Replacement reasons and explanations	The internal adjustment of accounting firms.		
Describe whether the Company terminated or the CPA did not accept the appointment	Status	Parties	The Company
	Termination of appointment	CPA	N/A
	No longer accepted (continued) appointment	CPA	N/A
Other issues (except for unqualified issues) in the audit reports within the last two years	Unqualified opinion		
Differences with the company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None	V	
	Remarks/specify details:		
Other Revealed Matters	None		

#### 3.6.2 Regarding the successor CPA

Name of accounting firm	Deloitte & Touche Accounting Firm
Name of CPA	Kuo, Yu-Hong; Shue, Shio-Ming
Date of appointment	January 1, 2023
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

## III. Corporate Governance

### 3.7 Audit Independence

If the chairman, president, and financial or accounting manager of the Company who had worked for the independent auditor or the related party in the most recent year, the name, title, and the term with the independent auditor or the related party must be disclosed: None.

### 3.8 Changes in Shareholding of Directors, Managers and Major Shareholders

Title	Name	2022		As of March 27, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman / Manager	Lin, Lung-Fen	-	-	-	-
Director/ Manager	Cheng, Deng-Yuan	-	-	-	-
Director	Huang, Ting-Rong	-	-	-	-
Director	Huang, Chi-Rong	-	-	-	-
Director	Lu, Ta-Wei	-	-	-	-
Director	Shaw, Shung-Ho	131,000	-	-	-
Director	Hsieh, Chin-Ho	-	-	-	-
Director	Hanmore Investment Corp.(Note 1)	-	-	-	-
Director Representative	Lin, Chih-Min	-	-	-	-
Director Representative	Wu, Cheng-Huan	-	-	-	-
Independent Director	Cheng, Wen-Feng	-	-	-	-
Independent Director	Lai, Chien-Hua	-	-	-	-
Independent Director	Huang, Ta-Lun(Note 1)	-	-	-	-
Manager	Chung, Chih-Chun	-	-	-	-
Manager	Huang, Yu-Jen	-	-	-	-
Manager	Lin, Jen-Shou	-	-	-	-
Manager	Yang, Shih-Chung	-	-	-	-
Manager	Su, Kou-Lin	-	-	-	-
Manager	Chang, Huang-Yu	-	-	-	-
Manager	Chang, Ying-Chin	-	-	-	-
Manager	Hsiao, Wei-Chun	-	-	-	-
Manager	Pan, Tieh-Yi	-	-	-	-
Manager	Wu, Wen-Shuen	-	-	-	-
Manager	Tao, Yea-Kuan	-	-	-	-
Manager	Tang, Yin-Soon	-	-	-	-
Manager	Tsai, Chun-Hsiung	-	-	-	-
Manager	Cheng, Yuan-Yih	-	-	(14,000)	-
Manager	Lin, Cheng-Hsuan(Note 2)	-	-	-	-



### III. Corporate Governance

Title	Name	2022		As of March 27, 2023	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Manager	Chan, Yi-Cheng(Note 2)	-	-	-	-
Manager	Chen, Kuo-Jen(Note 2)	-	-	-	-
Manager	Chen, Shih-Chen(Note 2)	-	-	-	-
Director	Huang, Tsong-Jen (Note 1)	-	-	N/A	N/A
Director	Joway Investment Co.,Ltd(Note 1)	-	-	N/A	N/A
Independent Director	Huang, Jih-Tsan(Note 1)	-	-	N/A	N/A
Manager	Fan, Jee-Der(Note 2)	-	-	N/A	N/A
Manager	Lin, Wen-Kuei(Note 2)	-	-	N/A	N/A
Manager	Liu, Kuan-Lin(Note 2)	-	-	N/A	N/A
Major Shareholders	None	N/A	N/A	N/A	N/A

Note 1: The Company has elected thirteen Directors on 26 May, 2022, Huang, Tsong-Jen, Huang, Jih-Tsan and Joway Investment Co., Ltd. were end the term on 25 May, 2022; Hanmore Investment Corp. and Huang, Ta-Lun has been elected the term on 26 May, 2022.

Note 2: Chan, Yi-Cheng and Lin, Cheng-Hsuan took office in April, 2022; Chen, Kuo-Jen took office in July, 2022; Chen, Shih-Chen took office in September, 2022; Fan, Jee-Der and Lin, Wen-Kuei were retired in June, 2022; Liu, Kuan-Lin resigned in November, 2022.

3.8.1 Shares Trading with Related Parties: None.

3.8.2 Shares Pledge with Related Parties: None.

### III. Corporate Governance

#### 3.9 Relationship among the Top Ten Shareholders

As of March 27, 2023

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Hanmore Investment Corp. Chairman: Wu, Cheng-Huan	21,316,678	7.83	-	-	-	-	Huang, Tsong-Jen	Related party in substance	
Joray Co., Ltd. Chairman: Huang, Tsong-Jen	21,072,559	7.74	-	-	-	-	Huang, Tsong-Jen	Chairman	
Asiavest Capital Co., Ltd. Chairman: Huang, Tsong-Jen	12,310,000	4.52	-	-	-	-	Huang, Tsong-Jen	Chairman	
Chunghwa Post Co., Ltd. Chairman: Wu, Hong-Mo	11,032,000	4.05	-	-	-	-	-	-	
Ching Pu Investment Corp. Chairman: Lin, Lung-Fen	10,981,476	4.03	-	-	-	-	-	-	
Joway Investment Co., Ltd. Chairman: Ho, Mei-Yii	7,132,209	2.62	-	-	-	-	Huang, Tsong-Jen	Related party in substance	
Yu Yeh Investment Corp. Chairman: Wan, Yu-Ye	7,108,000	2.61	-	-	-	-	-	-	
Huang, Tsong-Jen	5,295,750	1.94	-	-	-	-	Asiavest Capital Co., Ltd. Joray Co., Ltd. Hanmore Investment Corp. Joway Investment Co., Ltd.	Chairman Related party in substance	
Tsai Hsun Investment Corp. Chairman: Su, Kun-Yu	4,228,454	1.55	-	-	-	-	-	-	
Chin Yuan Fa Investment Corp. Chairman: Sun, Cih-Ying	3,646,321	1.34	-	-	-	-	-	-	

## III. Corporate Governance

### 3.10 Ownership of Shares in Affiliated Enterprises

Unit: shares/ % As of December 31, 2022

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Kimo.com (BVI) Corp.	500,000	100.0	0	0	500,000	100.0
System Capital Group, Inc.	550	100.0	0	0	550	100.0
Ching Pu Investment Corp.	38,437,500	100.0	0	0	38,437,500	100.0
Golden Bridge Information Corp.	23,000,000	100.0	0	0	23,000,000	100.0
System Software & Service Corp.	54,450,000	100.0	0	0	54,450,000	100.0
System Solutions Corp.	26,000,000	100.0	0	0	26,000,000	100.0
Concord System Management Corp.	23,113,372	100.0	0	0	23,113,372	100.0
Taifon Computer Co., Ltd.	20,000,000	100.0	0	0	20,000,000	100.0
Naturint Ltd.	2,000,000	100.0	0	0	2,000,000	100.0
E-service Information Corp.	8,000,000	100.0	0	0	8,000,000	100.0
uniXecure Corp.	5,000,000	100.0	0	0	5,000,000	100.0
MISYS Corp.	10,000,000	100.0	0	0	10,000,000	100.0
Nexsys Corp.	13,996,500	70.0	0	0	13,996,500	70.0
Taiwan Information Service Technology Corp.	16,630	67.4	0	0	16,630	67.4
Docutek Solution, Inc.	7,568,413	54.9	0	0	7,568,413	54.9
Hanmore Investment Corp.	9,640,680	48.9	0	0	9,640,680	48.9
Syscooperate Corp.	6,160,000	44.6	0	0	6,160,000	44.6
Mohist web technology Co., Ltd.	400,000	40.0	0	0	400,000	40.0
GenSys Technology (International) Limited	8,000,000	33.6	0	0	8,000,000	33.6
Systemweb Technologies Co., Ltd.	3,245,000	32.5	0	0	3,245,000	32.5
FinRobo Advisor Securities Investment Consulting Co., Ltd.	1,016,293	30.0	0	0	1,016,293	30.0
Retail System Co., Ltd.	780,000	30.0	0	0	780,000	30.0
Shengsen Cloud Technology	905,084	30.0	0	0	905,084	30.0
Baoruh Electronic Co., Ltd.	4,339,500	29.7	0	0	4,339,500	29.7
Genesis Technology, Inc.	23,081,693	28.0	3,256,388	4.0	26,338,081	32.0
System Infopro Co., Ltd.	20,000	20.0	0	0	20,000	20.0
Sanfran Technology Inc.	2,518,989	12.3	0	0	2,518,989	12.3
Forg-jump Information Co., Ltd.	783,202	10.0	0	0	783,202	10.0
Syspower Corp.	1,096,200	4.5	19,383,911	79.6	20,480,111	84.1

Note: Affiliated enterprises have been invested by equity method.

## IV. Capital Overview

### 4.1 Capital and Shares

#### 4.1.1 Source of Capital

##### A. Issued Shares

As of March 27, 2023

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2016/01	10	400,000,000	4,000,000,000	268,733,304	2,687,733,040	Employee options exercised: NT\$1,450,000	-	
2016/03	10	400,000,000	4,000,000,000	269,393,304	2,693,933,040	Employee options exercised: NT\$6,200,000	-	
2022/09	10	400,000,000	4,000,000,000	272,393,304	2,723,933,040	New Restricted Employee Shares issued: NT\$30,000,000	-	
2023/01	10	400,000,000	4,000,000,000	272,333,304	2,723,333,040	New Restricted Employee Shares bought back: NT\$600,000	-	

Note: As of the publication date of the annual report, the capital reduction of NT\$300,000 has been canceled for the New Restricted Employee Shares, and the change registration has been completed on April 24, 2023. The paid-in capital after the capital reduction is NT\$2,723,033,040.

##### B. Type of Stock

As of March 27, 2023

Type of Stock	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common Shares	272,333,304	127,666,696	400,000,000	None

C. Information for Shelf Registration : None.

#### 4.1.2 Composition of Shareholders

As of March 27, 2023

Type of Shareholders \ Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	0	3	280	44,620	213	45,116
Shareholding (shares)	0	12,017,000	111,093,943	120,138,272	29,084,089	272,333,304
Holding Percentage (%)	0	4.41	40.79	44.11	10.69	100.00

## IV. Capital Overview

### 4.1.3 Distribution of Shareholding

#### A. Common Shares

As of March 27, 2023

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage (%)
1 ~ 999	24,812	4,270,899	1.57
1,000 ~ 5,000	16,563	32,916,286	12.09
5,001 ~ 10,000	1,942	15,266,794	5.61
10,001 ~ 15,000	598	7,622,153	2.80
15,001 ~ 20,000	349	6,430,896	2.36
20,001 ~ 30,000	302	7,719,498	2.83
30,001 ~ 40,000	132	4,673,833	1.72
40,001 ~ 50,000	95	4,437,504	1.63
50,001 ~ 100,000	156	10,685,798	3.91
100,001 ~ 200,000	63	8,844,186	3.25
200,001 ~ 400,000	36	10,212,593	3.75
400,001 ~ 600,000	17	8,746,294	3.21
600,001 ~ 800,000	15	10,273,048	3.77
800,001 ~ 1,000,000	9	8,252,064	3.03
1,000,001 or over	27	132,008,458	48.47
Total	45,116	272,333,304	100.00

#### B. Preferred Shares: None.

### 4.1.4 Major Shareholders

As of March 27, 2023

Shareholder's Name	Shareholding Shares	Percentage (%)
Hanmore Investment Corp.	21,316,678	7.83
Joray Co., Ltd.	21,072,559	7.74
Asiavest Capital Co., Ltd.	12,310,000	4.52
Chunghwa Post Co., Ltd.	11,032,000	4.05
Ching Pu Investment Corp.	10,981,476	4.03
Joway Investment Co., Ltd.	7,132,309	2.62
Yu Yeh Investment Corp.	7,108,000	2.61
Huang, Tsong-Jen	5,295,750	1.94
Tsai Hsun Investment Corp.	4,228,454	1.55
Chin Yuan Fa Investment Corp.	3,646,321	1.34

## IV. Capital Overview

### 4.1.5 Market Price, Net Book Value, Earnings, and Dividends per Share

Unit: NT\$

Items		Year		2021	2022
Market Price per Share	Highest Market Price	Diluted		92.20	85.50
		Adjusted		92.20	85.50
	Lowest Market Price	Diluted		83.20	63.60
		Adjusted		83.20	63.60
	Average Market Price	Diluted		87.22	73.81
		Adjusted		87.22	73.81
Net Book Value per Share	Before Distribution			54.45	56.07
	After Distribution			54.45	56.07
Earnings per Share	Weighted Average Shares			247,983,453	247,983,453
	Earnings Per Share	Diluted		4.90	4.40
		Adjusted		4.90	4.40
Dividends per Share	Cash Dividends			5.00	5.00
	Stock Dividends	Dividends from Retained Earnings		-	-
		Dividends from Capital Surplus		-	-
	Accumulated Undistributed Dividends			-	-
Return on Investment	Price / Earnings Ratio (Note 1)			17.74	17.03
	Price / Dividend Ratio (Note 2)			17.38	14.99
	Cash Dividend Yield Rate (Note 3)			5.75%	6.67%

Note 1: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 2: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 3: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

## IV. Capital Overview

---

### 4.1.6 Dividend Policy and Implementation Status

#### A. Dividend policy

In accordance with the overall environment and the industry's characteristics of growth as well as the Company's long-term financial plans for sustainable and stable development, the Company has adopted a residual dividend policy, which requires that annual funding requirements based on the Company's future capital budget plans are duly assessed and that required funding in earnings is retained before residual earnings are distributed as dividend.

The Company distributes dividends through cash or stocks and cash dividends are prioritized. If dividends are distributed in stocks, the stock dividends shall not exceed 50% of the total dividends issued in the current year. The distribution of dividends may be dependent on the Company's current and future investment environment, funding requirements, domestic and foreign competition, and capital budgets while taking into consideration shareholder interests, balanced dividends, and the Company's long-term financial plans. The Board of Directors shall formulate dividend distribution methods or related options in accordance with the law and submit them to the shareholders' meeting for discussion and resolution.

Basically, dividends are pay out as the financial year surplus profits having paid all taxes and dues, and making good the deficit of the company, set as legal reserve and special reserve, and will reserve fund for the company's operation plan after the surplus profits, more than 50% the remain to pay dividends.

#### B. Implementation status

(1) The Board of Directors meeting on April 12, 2022 resolved to distribute NT\$1,131,451,877 in 2021 earnings and NT\$215,514,644 from Capital Surplus. Based on the 269,393,304 shares in external circulation, each share shall receive a cash dividend of NT\$5, the smallest unit of which is one dollar of the common currency (NT\$), decimals excluded and reported in the 2022 annual shareholders' meeting.

(2) The 2021 cash dividend have been distributed to shareholders on July 8, 2022.

## IV. Capital Overview

### C. The proposal for the distribution of 2022 profits for 2023 Annual Shareholders' Meeting

SYSTEX Corporation  
Earnings Distribution Proposal  
2022

Unit: NT\$

Items	Amount	
	Subtotal	Total
Beginning unappropriated earnings		2,423,923,142
Adjustment for investments accounted for using equity method	13,960,053	
Remeasurement on net defined benefit plan	44,108,158	
Add: Net income of 2022	1,091,229,299	
Special reserve	420,999,997	
Earnings available for distribution		<u>3,994,220,649</u>
Distribution items		
Legal reserve	(114,929,751)	
Cash dividends (NT\$5/per share)	(1,361,516,520)	
Total distribution		<u>(1,476,446,271)</u>
Ending unappropriated		<u>2,517,774,378</u>

Note: The Company has issued a total of 272,303,304 shares after the capital reduction on April 12, 2023.

Chairman & President	Lin, Lung-Fen
Accounting Manager	Cheng, Yuan-Yih

#### 4.1.7 Employee and Directors' Remuneration

##### A. Information Relating to Employee Bonus and Directors' Remuneration in the Articles of Incorporation:

In the event the Company makes a profit during the fiscal year it shall set aside no less than 0.1% of the profits for employee remuneration. The remuneration for Directors shall be no higher than 2%. However, priority shall be given to reservation of funds for compensation of cumulative losses, if any.

The preceding employee remuneration may be paid in cash or shares, and shall be payable to employees of subsidiary companies who meet the requirements stipulated by the Board of Directors. Remuneration of directors as specified above may be distributed in cash only.



## IV. Capital Overview

B. The basis for estimating employee and director remuneration amounts, basis for calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

In the event of a material change to the distributed amount in the Board's decision after the end of the year, adjustment that reflect the change shall be made to the originally allocated annual expenses.

C. Remuneration proposals approved by the Board of Directors:

a. The Company's Board of Director's meeting on February 22, 2023 has approved the remuneration of employees and Directors shall be paid in cash. The discrepancy between the amounts and the amortized estimates for the year, the differences, reasons, and responses shall be disclosed:

Unit: NT\$

Item	Approved by the Board of Directors	Estimates	Difference	Reasons and Responses
Employees Remuneration	34,577,958	34,577,958	-	-
Directors Remuneration	23,051,972	23,051,972	-	-

b. Amount of employee remuneration distributed in the form of stocks, as a percentage of the net income after taxes provided in the standalone or consolidated financial statements of the current period, and as a percentage of total employee remuneration:

Not applicable as no employee remuneration has been distributed in the form of stocks in the year 2022.

D. Discrepancies, if any, between actual distribution of employee and Directors remuneration (including the number of shares distributed, amount and stock price) and the recognized remuneration of employees and Directors and disclosure of the differences, reasons and responses:

a. Actual distribution status of employee and Directors remuneration: The Company's Board of Director's meeting on February 23, 2022 has approved the remuneration of employees and Directors shall be paid in cash. The discrepancy between the amounts and the amortized estimates for the year, the differences, reasons, and responses shall be disclosed:

Unit: NT\$

Item	Approved by the Board of Directors	Estimates	Difference	Reasons and Responses
Employees Remuneration	38,634,570	38,634,570	-	-
Directors Remuneration	25,756,379	25,756,379	-	-

b. In case of any discrepancy between the proposed and recognized amounts of employee and director remuneration, the differences, reasons, and responses shall be disclosed: Not applicable.

4.1.8 Buyback of Treasury Stock: None.

## IV. Capital Overview

### 4.2 Corporate Bonds:

Corporate Bond Type	Domestic Unsecured Bond(110-1)	
Issuing (handling) date	09/27/2021	
Denomination	NT\$1,000,000	
Issuing and transaction location	GreTai Securities Market (OTC)	
Issue price	Issue by denomination	
Total amount	NT\$3,000,000,000	
Interest rate	0.82%	
Tenure and Maturity Date	Tenure:5 years Maturity: 09/27/2026	
Guarantor	N/A	
Trustee	Mega International Commercial Bank Corporation	
Underwriter	Yuanta Securities Corporation	
Legal Counsel	N/A	
Auditor	Deloitte & Touche Accounting Firm Lin, Shu-Wan; Kuo, Cheng-Hung	
Repayment method	Repayment in lump sum upon maturity	
Outstanding	NT\$3,000,000,000	
Redemption or Early Repayment Clause	None	
Covenants	None	
Name of credit rating agency / Rating date / Rating of corporate bonds	twA-( Taiwan Ratings Corporation, 07/09/2021)	
Other Rights of Bondholders	Amount of Converted or Exchanged Common Shares, ADRs or Other Securities	N/A
	Conversion Right	None
Dilution Effect and Other Adverse Effects on Existing Shareholders	None	
Custodian	None	

4.3 Preferred share: None.

4.4 Global Depository Receipts: None.

4.5 Employee Stock Options: None.

## IV. Capital Overview

### 4.6 Issuance of New Restricted Employee Shares:

#### 4.6.1 Status of Employee Restricted Stock

As of March 27, 2023

Type of New Restricted Employee Shares	Employee Restricted Stock Awards for Year 2022																																			
Date of Effective Registration and total shares	2022/07/19 : 3,000,000 shares																																			
Issue Date	2022/09/01																																			
Number of New Restricted Employee Shares Issued	3,000,000 shares																																			
Issued Price	The current issue is gratuitous																																			
New Restricted Employee Shares as a Percentage of Shares Issued	1.11%																																			
Vesting Conditions of New Restricted Employee Shares	<p>1. Executive managers must still serve in the Company on each of the vesting day after they are allotted with new restricted employee shares. In addition, they must also meet the Company's operating goals and personal performance standards, without violating the Company's (or an affiliated company's) labor contract or receiving major demerit or severer disciplinary actions in accordance with the Company's (or an affiliated company's) regulations of employee rewards and penalties during the period of performance assessment. The maximum vesting percentages of shares for each year are: 33% for one year after issuance; 33% for two years after issuance; 34% for three years after issuance. In other words, the maximum total vesting percentage for the three-year period from 2022 to 2024 is 100%. However, the actual vested percentage and number of shares must be calculated based on the accomplishment of the Company's operating goals and personal performance. The calculation result shall be rounded down to zero decimals.</p> <p>2. Criteria for recognizing SYSTEX's operating goals and personal performance:            The Company's operating goal is to reach NT\$2.3 billion in net profit before tax for its core business within three years. In the three-year period starting from 2022, the operating performance in each year shall be calculated separately, and the target for each year is as follows:            The net profit before tax of SYSTEX's core business in 2022 aims at NT\$1.5 billion.            The net profit before tax of SYSTEX's core business in 2023 aims at NT\$1.9 billion.            The net profit before tax of SYSTEX's core business in 2024 aims at NT\$2.3 billion.            If the operating performance in each year reaches its target, the vesting percentage will be 100%; if it reaches 90%-100% of the target, the vesting percentage will be calculated on progressive increase starting from 20% (see the table below); if it does not reach 90%, the vesting percentage will be 0%.</p> <table border="1"> <tr> <td>Percentage achieved</td> <td>90%</td> <td>91%</td> <td>92%</td> <td>93%</td> <td>94%</td> <td>95%</td> <td>96%</td> <td>97%</td> <td>98%</td> <td>99%</td> <td>100%</td> </tr> <tr> <td>Vesting percentage</td> <td>20%</td> <td>28%</td> <td>36%</td> <td>44%</td> <td>52%</td> <td>60%</td> <td>68%</td> <td>76%</td> <td>84%</td> <td>92%</td> <td>100%</td> </tr> </table>												Percentage achieved	90%	91%	92%	93%	94%	95%	96%	97%	98%	99%	100%	Vesting percentage	20%	28%	36%	44%	52%	60%	68%	76%	84%	92%	100%
Percentage achieved	90%	91%	92%	93%	94%	95%	96%	97%	98%	99%	100%																									
Vesting percentage	20%	28%	36%	44%	52%	60%	68%	76%	84%	92%	100%																									

## IV. Capital Overview

	<p>In addition, if SYSTEX's operating performance in 2022 and 2023 does not each reach 100% of its target, the percentage of shares that are yet to be vested (which must meet individual performance standards) will not be redeemed and canceled for the time being. If SYSTEX's operating goals reaches its target in 2024, then the percentage of shares to be vested in 2024 and the aforementioned percentage yet to be vested will be issued in lump sum in 2024.</p> <p>If individual performance is rated tier-3 or higher in the most recent annual performance assessment after the vesting period ends, the vesting percentage will be 100%; if it is rated tier-2 or lower, the vesting percentage will be 0%.</p>
Restricted Rights of New Restricted Employee Shares	<ol style="list-style-type: none"> <li>1. According to the trust agreement, employees who are allotted with new shares but have not met the vesting conditions may not sell, mortgage, transfer, gift, or pledge the new restricted employee shares, or request the right to buy back the shares without objection, or dispose them in any other ways.</li> <li>2. Attendance, proposal, speech, and voting rights in shareholders' meeting are to be conducted in accordance with the trust agreement.</li> <li>3. Issued new restricted employee shares shall be immediately placed in trust, and employees may not request return of new restricted employee shares for any reasons or by any means before the vesting conditions are met.</li> <li>4. If, before meeting the vesting conditions, an employee violates Article 9, Paragraph 2 by terminating or rescinding the authorization of the Company or the Company's designated individual to implement trust matters on his/her behalf, the Company shall redeem the shares without consideration and cancel them in accordance with the law.</li> <li>5. In the vesting period, if the Company conducts cash capital reduction or other non-statutory capital reductions, the new restricted employee shares shall be canceled in proportion to the reduced capital. If the capital is reduced through cash capital reduction, the cash thus returned must be placed in trust, and be delivered to employees after the vesting conditions are met. However, if the vesting conditions are not met, the Company shall redeem the cash.</li> </ol>
Custody Status of New Restricted Employee Shares	Placed under custodial trust
Measures to be Taken When Vesting Conditions are not Meet	<ol style="list-style-type: none"> <li>1. After being allotted the Company's new restricted employee shares, and if the employee fails to meet the vesting conditions as specified in Article 5 Paragraph III of "Regulations for 2022 Issuance of New Restricted Employee Shares", the Company shall redeem the shares without consideration and cancel them.</li> <li>2. In the vesting period, employees who resign, retire, are laid-off, terminate their employment, or no longer serve in the executive management due to transfer for certain reasons, if there are new restricted employee shares where vesting conditions are yet to be met, the date of their departure or transfer shall be deemed to be the date where the qualifications for vesting conditions are not met, and the Company shall redeem the shares without consideration and cancel them.</li> </ol>
Number of New Restricted Employee Shares that have been Redeemed or Bought Back	60,000 shares(Note)

## IV. Capital Overview

---

Number of Released New Restricted Employee Shares	0
Number of Unreleased New Restricted Shares	2,940,000 shares
Ratio of Unreleased New Restricted Shares to Total Issued Shares (%)	1.08%
Impact on Possible Dilution of Shareholdings	The dilution of the Company's EPS is limited, so there is no significant impact on the interest of shareholders.

Note: As of the publication date of the annual report, the capital reduction of NT\$300,000 has been canceled for the New Restricted Employee Shares, and the change registration has been completed on April 24, 2023.

## IV. Capital Overview

### 4.6.2 List of Executives Receiving New Restricted Employee Shares and the Top Ten Employees with New Restricted Employee Shares

As of March 27, 2023

Title/ Name	No. of New Restricted Shares	New Restricted Shares as a Percentage of Shares Issued	Released				Restrictions Unreleased						
			No. of Shares	Issued Price	Issued Amount	Released Restricted Shares as a Percentage of Shares Issued	No. of Shares	Issued Price	Issued Amount	Unreleased Restricted Shares as a Percentage of Shares Issued			
President/Lin, Lung-Fen													
Chief Strategy Officer & Senior Vice President / Cheng, Deng-Yuan													
CFO, Corporate Governance Officer & Vice President/ Chung, Chih-Chun													
CHO, CSO & Vice President / Huang, Yu-Jen													
Vice Chief Strategy Officer & Vice President/ Lin, Jen-Shou													
Senior Vice President/ Yang, Shih-Chung	2,155,000	0.79%	0	0	0	0	0	0	0	2,155,000	0	0	0.79%
Senior Vice President/ Su, Kou-Lin													
Vice President/ Chang, Huang-Yu													
Vice President/ Hsiao, Wei-Chun													
Vice President/ Pan, Tieh-Yi													
Vice President/ Wu, Wen-Shuen													
Vice President/ Tao, Yea-Kuan													
Vice President/ Lin, Cheng-hsuan													
Executive officers													

## IV. Capital Overview

Employees		320,000	0.12%	0	0	0	0	0	0	320,000	0	0	0.12%
Vice President/ Chan, Yi-Cheng													
Vice President/ Chen, Kuo-Jen													
Chief Audit Executive/ Tsai, Chun-Hsiung													
Accounting Manager/ Cheng, Yuan-Yih													
Deputy Vice President/ Hsieh, Ming-Shu													
Deputy Vice President/ Cuei, Yin-Hao													
Senior Assistant Vice President/ Hsieh, Fu-Tung													
Senior Assistant Vice President/ Liu, Sheng-Teng		320,000	0.12%	0	0	0	0	0	0	320,000	0	0	0.12%
Senior Assistant Vice President/ Lin, Tsung-Ying													
Senior Assistant Vice President/ Hsueh, Sheng-Chieh													

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

4.8 Financing Plans and Implementation: None.

# V. Operation Highlights

---

## 5.1 Business Activities

### 5.1.1 Business Scope

#### A. Main business activities

(1)F113050	Wholesale of Computing and Business Machinery Equipment	(26)IE01010	Telecommunications Number Agencies
(2)F118010	Wholesale of Computer Software	(27)I103060	Management Consulting Services
(3)F113070	Wholesale of Telecom Instruments	(28)JE01010	Rental and Leasing Business
(4)F113020	Wholesale of Household Appliance	(29)I401010	General Advertising Services
(5)F113110	Wholesale of Batteries	(30)IZ99990	Other Industry and Commerce Services
(6)F119010	Wholesale of Electronic Materials	(31)J304010	Book Publishers
(7)E605010	Computing Equipments Installation Construction	(32)F401021	Restrained Telecom Radio Frequency Equipments and Materials Import
(8)JA02010	Electric Appliance and Audiovisual Electric Products Repair Shops	(33)J303010	Magazine and Periodical Publication
(9)J399010	Software Publication	(34)J305010	Audio Tape and Record Publishers
(10)IG02010	Research Development Service	(35)J201031	Technique and Performing Arts Training
(11)I599990	Other Designing	(36)I501010	Product Designing
(12)JZ99050	Agency Services	(37)I199990	Other Consultancy
(13)F113030	Wholesale of Precision Instruments	(38)CC01101	Restrained Telecom Radio Frequency Equipments and Materials Manufacturing
(14)E603050	Cybernation Equipments Construction	(39)F108031	Wholesale of Drugs, Medical Goods
(15)F401010	International Trade	(40)F208031	Retail Sale of Medical Equipments
(16)I301010	Software Design Services	(41)CC01110	Computers and Computing Peripheral Equipments Manufacturing
(17)I301020	Data Processing Services	(42)CC01120	Data Storage Media Manufacturing and Duplicating
(18)I301030	Digital Information Supply Services	(43)CC01060	Wired Communication Equipment and Apparatus Manufacturing
(19)F213030	Retail Sale of Computing and Business Machinery Equipment	(44)CC01030	Electric Appliance and Audiovisual Electric Products Manufacturing
(20)F218010	Retail Sale of Computer Software	(45)CC01080	Electronic Parts and Components Manufacturing
(21)F209060	Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	(46)CB01010	Machinery and Equipment Manufacturing
(22)E701010	Telecommunications Engineering	(47)C701010	Printing
(23)F213060	Retail Sale of Telecom Instruments		
(24)F399040	Retail Business Without Shop		
(25)F601010	Intellectual Property		



## V. Operation Highlights

---

(48)C703010	Printings Bindery and Processing	(71)F108040	Wholesale of Cosmetics
(49)F113010	Wholesale of Machinery	(72)F110010	Wholesale of Clocks and Watches
(50)IZ13010	Internet Identify Services	(73)F110020	Wholesale of Spectacles
(51)EZ05010	Apparatus Installation Construction	(74)F114030	Wholesale of Motor Vehicle Parts and Supplies
(52)E701030	Controlled Telecommunications Radio-Frequency Devices Installation Engineering	(75)F116010	Wholesale of Photographic Equipment
(53)E601010	Electric Appliance Construction	(76)F117010	Wholesale of Fire Fighting Equipments
(54)F102170	Wholesale of Food and Grocery	(77)F203030	Retail Sale of Ethanol
(55)F104110	Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products	(78)F206010	Retail Sale of Ironware
(56)F105050	Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixtures	(79)F206020	Retail Sale of Articles for Daily Use
(57)F109070	Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles	(80)F206050	Retail of pet food and appliances
(58)F203010	Retail Sale of Food and Grocery	(81)F207030	Retail Sale of Cleaning Preparations
(59)F204110	Retail Sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel, Clothing Accessories and Other Textile Products	(82)F207070	Retail Sale of Animal Medicine
(60)F205040	Retail Sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures	(83)F208040	Retail Sale of Cosmetics
(61)F208050	Retail Sale of the Second Type Patent Medicine	(84)F210010	Retail Sale of Watches and Clocks
(62)F102020	Wholesale of Edible Oil	(85)F210020	Retail Sale of Spectacles
(63)F102040	Wholesale of Nonalcoholic Beverages	(86)F213010	Retail Sale of Household Appliance
(64)F102050	Wholesale of Tea	(87)F213110	Retail Sale of Batteries
(65)F102180	Wholesale of Ethanol	(88)F216010	Retail Sale of Photographic Equipment
(66)F103010	Wholesale of Animal Feeds	(89)F219010	Retail Sale of Electronic Materials
(67)F106010	Wholesale of Ironware	(90)F301010	Department Stores
(68)F106020	Wholesale of Articles for Daily Use	(91)I301040	the third party payment
(69)F107030	Wholesale of Cleaning Preparations	(92)IZ04010	Translation
(70)F107070	Wholesale of Animal Medicines	(93)IZ09010	Management System Certification
		(94)IZ12010	Manpower Dispatched
		(95)J202010	Industry Innovation and Incubation Services
		(96)J399990	Other Publishing
		(97)ZZ99999	All Business Items that Are not Prohibited or Restricted by Law, Except those that Are Subject to Special Approval.

## V. Operation Highlights

---

### B. Revenue Mix

- (a) Revenue from the sale of goods: 79%.
- (b) Revenue from the rendering of services: 21%.

### C. Main products and Services

SYSTEX leads the integration of the data industry ecosystem to boost an exponential growth.

- (a) Promoting nine strategic business growth plans with the aim of becoming the largest cloud service company in Taiwan

SYSTEX developed our own cloud application ecosystem platform service, planning SaaS subscription services model that can satisfy corporate needs, integrating 80 plus self-developed solutions, interfacing the 3 major public clouds, including AWS, Azure, and GCP, as well as the corporate clouds of Oracle and IBM, thereby providing one-stop shopping services. In response to developments in cloud service technology applications, in 2022, SYSTEX set up "Misys Corporation," a micro-service affiliate, assembling nearly 200 professional technicians to form Taiwan's leading micro-service technical team.

SYSTEX also established the subsidiary uniXecure, which specializes in cybersecurity and provides nationwide cybersecurity maintenance and monitoring services; moreover, SYSTEX committed to the development of corporate e-commerce services combining Martech solutions, in the hopes of becoming a service company that supports the development of online business models through our technology and data, helping corporate clients develop innovative business models in the post COVID-19 era.

- (b) Promoting green technology solutions to seize business opportunities in the low-carbon transformation

SYSTEX helps businesses align with international trends of ESG sustainability and promote multiple green technology applications, including carbon inventory/footprint and energy management systems. We also assist multiple traditional manufacturing and high-tech manufacturing industries in utilizing software to reduce energy consumption and carbon emissions, and have established a presence in the international supply chain, thus seizing business opportunities in the low-carbon transformation.

Furthermore, in response to the age of the Internet of Things, we promote industrial control cybersecurity, cybersecurity collaborative protection, endpoint protection, and other solutions, thus fulfilling the requirements of corporate internal control and legal compliance. In addition, for corporate clients in the financial and retail industries, we launched a smart bill management system, digital insurance enrollment, electronic billing, e-commerce platform, electronic membership and reward points system, digital signatures, remote offices, among other solutions, which not only reduce paper waste but also improve operational efficiency.

- (c) Orchestrating cross-field integration to expand the impact of cooperation

As a data software company, SYSTEX continues to utilize its "5A" (AP, APP, API, Appliance, and Algorithm) core capability and multi-cloud structure and services to magnify its differentiated values in "product portfolios," "system integration," "data integration," "virtual-physical fusion," "multi-cloud mix," and "ecosystem integration." We will also use our "software, data, and computing capabilities" to help Taiwanese enterprises increase their presence in the global market, in the hopes of making SYSTEX a world-class software company.

SYSTEX also continues to seek suitable partners in the ecosystem for investments, mergers, alliances, or strategic cooperations, and to pursue high added values and good business growth structures, which include connecting with interactive communication platform Team+, and tapping

## V. Operation Highlights

---

into the EIM corporate real-time communication and collaboration market. Our subsidiary Nexsys Corporation is also working with ECPay to expand payment services for micro-, small- and medium-sized businesses.

The detailed products and services items, please refer to pages 79-84 of the Chinese annual report.

### D. New Products Planned for Development

To provide customers with IT services and vertical solutions of the highest quality in the industry, SYSTEX continues to expand R&D resources and conduct new business strategic investment to achieve vertical integration and horizontal expansion in the industry and continue the momentum for innovation. SYSTEX's new products (services) under development and distribution, please refer to pages 82-83 of the Chinese annual report.

### 5.1.2 Industry Outlook

#### A. Industry Trends

The quickening pace of global digitization and the COVID-19 pandemic have brought pressure for upgrade on industries in Taiwan. This has driven the developments of telecommuting, digital transformation, and cloud and data applications, and raised concern for cyber security and other issues, which continue to push the software industry forward. As a hub of the global semiconductor industry, Taiwan is often in a leading position of digitization in the Asia Pacific and even the world. Survey and research institutions are still raising their estimates of the future market scale of Taiwan's software industry. According to IDC estimates, Taiwan's public cloud market is expected to reach a CAGR of 25.2% from 2022 to 2026, and will reach a scale of US\$4.016 billion in 2026. In 2022, the cyber security-related expenses will reach US\$849 million, and is expected to show a CAGR of 18% in 2026. Both these numbers are higher than the average of Asia-Pacific countries. The Outlook for Taiwan's Information and Communications Technology Industry in 2023, published by Market Intelligence & Consulting Institute (MIC), points out that net-zero emissions, sustainability, ESG, and digital transformation will become even more important for Taiwan's ICT industry. It also calls on businesses in Taiwan to pay attention to and take actions on these issues. Continuing the progress toward net zero emissions, sustainable development will directly impact the survival and competitiveness of businesses in the world. ESG will influence future corporate investment decisions, and companies that meet ESG standards will attract more funding. According to analytic reports from international industrial survey and research organizations, the global market sizes of carbon management system and energy management system are predicted to reach US\$33 billion and US\$153.6 billion, respectively, in 2030, with a CAGR of 14.5% every year during the period. In the future, businesses can use carbon management systems to ensure that their carbon reduction progresses meet the targets, and can monitor, analyze, forecast, and control their daily operations and productions in real time using energy management systems, thereby achieving green production processes and comprehensively calculating the carbon footprints of their products. In the future, the world's requirements of ESG sustainability in businesses can only be increasingly stringent. Only by being empowered by cyber technology can we keep up with the new economy of a low-carbon society.

Regarding the statuses and directions of new industries, the Institute for Information Policy pointed out that Taiwan's electric vehicles industry will raise its global visibility in 2023. Leveraging its ICT advantages, Taiwan can tap into the automobile industry chain by offering control panels, in-vehicle computers, and ADAS. As the Institute for Information Policy pointed, although the time-consuming limitation in the mechanism of automaker certification is yet to be overcome, the long-stagnated automotive industry has finally begun to see light at the end of the tunnel. As hardware efficiency continues to improve, software applications will place more emphasis on vertical markets. To achieve

## V. Operation Highlights

---

product differentiation, software will play a more crucial role, thus driving the growth of demands that are defined by software products.

In conclusion, the business opportunities of the IT service industry are summarized as follows:

**Business opportunities in cloud service:** The IDC survey report points out that, in the wake of the COVID-19 pandemic, businesses in Taiwan have accelerated digital transformation in the operation of their infrastructure. Since COVID-19 reduced face-to-face contacts, telecommuting and work from home have become a new normal. Today's workers more frequently use video conferencing and desktop virtualization programs, which silently increase the requirements of hardware infrastructure resources that such applications need. The time spent by people at home on distance learning, online shopping, online payment, virtual medical consultation and other activities has increased significantly. These behaviors have prompted related service providers to make better use of the massive computing, storage and networking resources on the cloud to improve the overall service quality, thus accelerating the digital transformation of education, retail, finance, health care, and other industries that traditionally require face-to-face contact with customers. In response to the continuing trend of sustainable carbon reduction, cloud services can facilitate more efficient utilization of energy and operational resources, and will provide a momentum for the transformation of businesses into cloud-based service providers. As AWS launched its Local Zone in Taiwan in 2022, the three public cloud service providers have finally met in the Taiwanese market. Industries which was unable to access clouds due to regulatory restrictions can now more extensively adopt the cloud service model. The cloud service market in Taiwan is therefore expected to have a promising prospect.

**Business opportunities in data integration:** The widening access to cloud service and its growing demand by consumers will further stimulate corporate digital transformation. To strengthen their market competitiveness, businesses must excavate deeper values via data analysis and turn data into a supportive resource for business decisioning, thereby optimizing the predictions, insights, and decisioning in various aspects of business operation. A more modernized data management platform is needed in matters such as daily operations and performance management, corporate resource planning, supply chain data integration, and even data of carbon footprint and carbon inventory required for carbon reduction measures. Such platform allows decision makers of various roles in a company to effortlessly obtain the information they need. Data integration and related added-value applications are also expected to create thriving business opportunities.

**Business opportunities in cyber security:** As cloud and data applications become increasingly extensive, the corporate IT environment will become more hybrid and complex, and cyber security threats can come from anywhere. Since businesses and government agencies are all using digital tools to enhance their business processes and online experience, the security, confidentiality, and ethical use of data will become the priorities of businesses in deploying their resources of cyber security. Businesses in multinational supply chains must also comply with regulations in Taiwan, upstream and downstream suppliers, and market regions. With growing APT attacks and demand for BYOD and remote access, the traditional cyber security strategy, which focuses on border protection, has been frequently compromised by various means. The zero trust architecture based on the basic concept of "never trust, always verify" has therefore become the latest focus of cyber security. Confronted with the rising threats to cyber security in practice and the government's increasingly strict regulatory requirements of cyber security, businesses will focus on cyber security issues to reduce internal operational risks and align with external official standards. It is therefore expected that businesses will be increasingly concerned with cyber security and invest increasing amounts into it.

As for FinTech, competent authorities in recent years have progressively lifted restrictions on

## V. Operation Highlights

---

information sharing, identity verification, RegTech, and other related fields. In August 2020, the FSC published the FinTech Development Roadmap and Financial Cyber Security Action Plan, which not only specify the directions of FinTech development but also emphasize on cyber security and supervisory developments. In November 2021, the FSC established the Guidelines for Data Sharing Among Financial Institutions, which stipulates that, with customers' consent, a financial institution can share 9 categories of data with organizations from other industries. These categories include: customer basic information, identity verification data, account information, transaction records of financial products or services, and other shared data. The FSC pointed out the sharing and reasonable use of data is the crux of digital development, which will be progressively implemented under the framework of FinTech Development Roadmap, and will significantly contribute to financial institutions' improvement of customer experience and operational efficiency. In the future, other data sharing categories specified in the roadmap will be continuously promoted to fulfill the developmental requirements of diversified financial scenarios in FinTech and create data values, thereby raising the competitiveness of Taiwan's financial industry. At the end of 2022, the FSC conducted a questionnaire survey on 308 financial institutions to which these guidelines apply. The results show that 99.15% of the financial institutions that have implemented data sharing before the release of these guidelines have completed internal control regulations, which were then approved by their boards of directors, as required by the guidelines. The FSC pointed out that, as of present, 17 financial institutions have added data sharing to their business scopes in accordance with the guidelines and more than 90 financial institutions are planning to add data sharing in the future, so as to improve the convenience of customer transactions and the efficiency of related operations, thereby improving consumer rights and benefits and operating efficacy. In response to the international trend of open finance, the FSC has been promoting open banking since 2019. In the environment of compatible technical standards and rigorous cyber security regulations, multiple banks and TSP service providers are allowed to cooperate with each other and share and utilize data via open API. Due to the excellent results of the open banking policy, FSC assigned the Taiwan Depository and Clearing Corporation and other securities-related units, Taiwan Securities Association, Chinese National Futures Association, Securities Investment Trust & Consulting Association of the R.O.C., and Financial Information Service Co., which is acting as the open API platform, to jointly promote open securities and progress towards open finance. The interfacing service of open data is scheduled to be completed by the end of 2023. In terms of regulatory development of digital authentication, the FSC announced the trial operation of the thematic supervisory sandbox administration "digital authentication and authorization" on January 18, 2022. The FSC pointed out that, as digital finance continues to innovate and develop, online financial services have become a new option for consumers. Therefore, safety must be ensured in the process from registration and login to transaction. Furthermore, for the convenience of use, "digital authentication and authorization" has a wide scope of utility, which includes four aspects – identity proofing, KYC, authentication, and authorization, in the hope of breathing new life into the financial service market. The Financial IT has predicted the future FinTech market to be developed according to the following trends:

The demand for digital solutions for banking will grow: in the future, users will increasingly rely on various digital solutions for banking, so financial institutions will also be more actively investing resources in technological applications in order to meet users' demand for services. For example, the smart customer service robot, which combines artificial intelligence and cloud technology, allows users to easily manage their financial affairs anytime and anywhere. This tailored financial service will be the focus of the next stage of development.

Cross-border and zero-contact payments are growing: COVID-19 has indirectly led to the rise of global

## V. Operation Highlights

---

businesses, and cross-border and zero-contact payments have become increasingly popular. Emerging technologies have improved the speed, safety, and security of international transactions, and the multi-factor authentication mechanism has facilitated the flourishing of digital payment that has been in preparation for a while.

Blockchain and DeFi will be increasingly adopted: the usage rate of blockchain technology has been on a steady increase in the past few years. Its encryption technology and decentralized character allow transactions to be complete effective and traceable data storage without a third-party intermediary. However, precisely because of its not being subject to the monitoring of mainstream institutions, it becomes a hot bed for frauds. In the future, governments around the world will establish supervisory units to regulate and control such practice, so that blockchain or DeFi applications can maximize their technological efficacy in an environment that meets regulatory requirements.

Development of non-bank FinTech services: In recent years, financial services provided by non-conventional banks or financial institutions have been increasingly diversified. Such services include online payments, mobile wallets, or cryptocurrency exchanges. These emerging solutions have become mainstream applications in a short time due to their ease of use and relative affordability.

Development of open banking platforms: an open banking platform allows users to view financial data collected by different platforms on a single platform, which will help users manage their funds more straightforwardly and specifically. PSD2, which has been implemented by the European Union for many years, is promoting the compliant use of such open banking and payment services and simultaneously protecting user rights.

### B. Industrial Market Analysis

(a) Intelligent Finance, Strengthen the foundation for the development of the financial ecosystem:

SYSTEX will not only continue to provide investors with much needed international investment and wealth management systems, but also work with international finance IT operators to provide instantaneous information services across different markets and build a global transaction network to lower investors' investment cost for global transactions. The financial industry should reposition its strategy of FinTech development and enhance digital transformation, while applying these approaches to AI, cloud, identity verification, and other technologies.

The financial industry will have the opportunity to achieve a growth of over 12% in the construction of service middle-end architecture and DevOps, while the construction of CRM, HRM, and BPM will also grow by at least 5%. Financial holdings, banks and insurance service providers are most willing to introduce such system, while securities and futures service providers hold a relatively reserved attitude.

From the perspective of FinTech development, Financial IT points out that the global demand for digital solutions to financial services are currently growing. By 2023, the global FinTech market is expected to reach US\$305 billion, which is mainly due to the rapid development of technologies, supervisory agencies' growing acceptance of technological products, and the simultaneous increase of users' demand for simple, safe, and easy-to-use financial services. iThome's 2022 CIO survey especially reviews the current status of application of emerging technologies in Taiwan's financial industry. It is found that the top-10 adopted mainstream technologies mostly center on AI, machine learning, and open API, while technologies of secondary importance include DevOps maintenance and operation, containerization, microservices, and other cloud-related applications.

The FSC is promoting the Green Finance Action Plan 2.0, which directs businesses' attention to ESG issues through the influence of the financial market, thereby creating a triple-win situation for finance, material-based industries, and social environment in the pursuit of sustainable

## V. Operation Highlights

---

development. In response to the FSC's goal of sustainable development in green finance, businesses can save carbon emissions during transportations in their business operations through digitized online financial services, and the paperless mode of transaction can reduce paper consumption. For financial institutions, electronic billing has become a key link in the promotion of ESG. On the other hand, the ongoing COVID-19 pandemic has accelerated digital transformation. According to a report from McKinsey & Company, 85% of the businesses will place their operating focus on digitization in the next two years. FinTech, or the combination of finance and technologies, has undoubtedly been the most popular trend in recent years, creating opportunities of innovation for the financial and high-tech industries. Among the digital services in banking, electronic billing has become a main category to be promoted by banks, telecommunications companies, and insurance companies.

In its predictions of Taiwan's economy in 2023, the Chung-Hua Institution for Economic Research pointed out that Taiwan's economy in 2022 was impacted by the global socioeconomic situations, and that its growth rate has been on the decrease since the outbreak of the Russian-Ukraine war. The Chung-Hua Institution for Economic Research estimated a growth rate of 3.04% in Taiwan's economy in 2022, a difference of 0.24 percentage points compared to the predicted value of 3.28% in October 2022. Despite the decline, the number is still expected to have exceeded 3.00%, thus achieving 3.00% for four consecutive years (2019-2022). In particular, the finance and insurance industry accounts for approximately 6.36%. Taiwan's economic growth is predicted to sit at 2.72% in 2023, which continues the declining trend in 2022. External environments remain the main uncertainty. The Russian-Ukraine war is ongoing; the inflation in the US has yet to reach its target; Fed will continue to raise its interest rates; and the tension between the US and China in their competition over trade and technology has yet to subside. For these reasons, the global economic growth is expected to fall short of 2.00%.

Data aggregation APIs are becoming the means of data exchange between financial institutions and customers. In the future, financial holding groups, non-financial holding financial groups, and other financial institutions can share information with each customer's consent. Therefore, driven by FinTech, RegTech has also emerged and rivals traditional supervision in terms of resources, culture, responsibilities, and effects. Supervisory agencies should think about how to overcome existing restrictions and limitations to conceive and develop a digital supervisory system according to the current condition of digital finance. Cheng-Yun Tsang, Director of the Regulation Technology Innovation Lab, Financial Innovation and Technological Evolution Center, National Chengchi University, suggested a viable option for Taiwan in the future, which is to create a massive technology-powered supervisory platform; that is, a more real-time and comprehensive digital financial supervision by competent authorities and related units through information collection and integration, which will be conducive to establishing the developmental foundation for a financial ecosystem.

Looking forward, Taiwan must accelerate its promotion of API economy and data sharing, facilitate the creation of new financial ecosystem, and allow consumers to gain access to more diversified financial services via open banking. By sharing financial data, the relationship among financial institutions and financial technology companies will evolve from that of competition to that of cooperation, thus creating a multi-win situation with a mutually benefiting and co-prosperous financial ecosystem.

(b) Intelligent Service, Omni channel experience for smart retail:

As the market develops towards AI-powered operation in the future, omni-channel and online-merge-offline (OMO) have become the main developmental trends of the global retail

## V. Operation Highlights

---

industry. With the active planning for market presence by large business groups, Taiwan's retail and e-commerce industry has also progressively broken the barriers between various retail business patterns and virtual and physical channels, including interactive electronic statements, video electronic statements, LBS discount information services, mobile payment, and mobile discount coupons. In addition, we expand cross-domain integrated services in response to the national service-oriented smart government 2.0 program, continuously invest in applied service technologies such as FidO Internet identity verification and T-Road/MyData, combine comprehensive information security mechanisms to transform social affairs administration from over-the-counter application or application service in the applicant's home to online benefit application services using the applicant's personal information with the applicant's authorization.

Profit falls as inflation rate rises. In 2023, global retail sales will increase by 4.5% due to inflation, but retailers' profits may decline due to falling actual sales and rising prices. Retailers will be confronted with margin pressure due to the global inflation rate of 6.2% and weak demand.

The retail industry and market in 2023 is analyzed as follows:

1. IMS: The challenge of all channels brings new opportunities for inventory OMO distribution.
2. Omnichannel Associate: The Blurring and Evolution of the Boundaries of the Retail Clerk's Role.
3. Blockchain in Retail: Industrial application development of blockchain technology
4. Premium Membership: The member relationship management is more deeper.
5. RMN: Retailer ads get more budget of ad.
6. DMP : Third-party data is used by first parties.
7. Data Governance: Data governance becomes the new basis of competition.
8. SaaS: More brand system investment budgets are shifted to SaaS.
9. Super APP: A super APP with fully integrated brand services will be appear.

### (c) Data Technology Products and Services:

These corporations may run into challenges such as system compatibility, information security, capacity coordination, management distribution, and professional talent, and since 2019, public cloud service has been growing at a rate of 20% every year, of which SaaS services even account for nearly 50%. Businesses will place more emphasis on the ESG-related energy-saving and sustainable developments and the changes to work contents and patterns in the post-COVID-19 era. In particular, the development of cloud computing is closely related to environmental issues. For SYSTEX, the various solutions developed in the past in response to project demands can, through standardization, be transformed into a standardized cloud service that can be resold. With minimal customization, such service ranges across various business activities and organizations, and features a fully automated subscription process. As a service-on-demand, it comprehensively satisfies user needs, thus vitalizing resources to provide highly flexible and efficient services and comprehensively preparing for digital transformation. The key to digital transformation is to collect and use data more comprehensively, to mine values through data analysis, and to transform data into supports for business decisioning, so as to achieve predictions, insights and optimization. In response to the accelerating digital transformation, SYSTEX's software services have invested in the development of more smart data products and services, which will provide customers with more diversified services including data visualization, data governance, database upgrade, and the use of AI in organizational decisioning or process improvement, thereby providing a one-stop smart data service from consultation to tool introduction and applications. By helping marketing personnel effectively improve customer experience using digital technology, we will also create new business opportunities. The concept of Marketing 5.0 refers to the application of technology that imitates



## V. Operation Highlights

---

human actions, so as to create, communicate, realize and enhance value throughout the customer journey. A main focus of Marketing 5.0 is “the next tech,” which aims to integrate and promote various technologies that imitate the competencies of sales personnel.

Examples of related smart data applications and smart services are as follows:

(1)Enhanced public services:

In response to the national service-oriented smart government 2.0 program, continuously invest in applied service technologies such as FidO Internet identity verification and T-Road/MyData, combine comprehensive cyber security mechanisms to transform social administration from over-the-counter application or application service in the applicant’s home to online benefit application services using the applicant’s personal information with the applicant’s authorization. In addition, in the 4G/5G age when everyone owns a mobile phone, social media has penetrated into the fabric of people’s everyday life. For this reason, apart from online application services, we can also develop smart customer service, which can be combined with social media services, so as to deliver social benefits to the public.

(2)Enhanced services for officials:

In the past, social administrative affairs required eligibility reviews by social administrative staff. Furthermore, the complexity of Taiwan’s welfare laws and additional benefits offered by local governments often caused troubles to the staff in their reviews of applications. In recent years, data analysis technologies such as data warehousing, data mining, and data visualization have been introduced and applied to the construction of social administrative databases. This year, we may continue to improve our modeling technology for data, so as to provide professional services of decision-making suggestion and analysis in social administration. We may also transform these services into microservices on private clouds through cloud technology. In the future, we may use cloud technology to construct a national database of big data on the cloud.

C. Relationships with suppliers in the industry’s supply chain

SYSTEX plans software licensing options and provides services based on customer requirements and budget. The Company seeks to become a leading brand with the most industrial value in the knowledge economy in the progress of advancing digitalization for the finance, telecommunication, retail and logistics, manufacturing industry, and other customer groups with requirements. SYSTEX shall provide customers with services including system planning, software deployment, education, training, and technical support service. Upstream firms include: information software/hardware providers or distributors such as Microsoft, HP, Serena, BMC, SAP, and Oracle. Downstream firms consist mainly of the finance industry, telecommunication industry, e-commerce, retail and logistics industry, manufacturing, government authorities and schools etc.

D. Product trends and competition

Due to the changes in the structure of the industry, the overall political and economic environment, regulatory systems, the overall IT service market in Taiwan has been affected. As companies continue to relocate overseas and IT firms fail to provide differentiated products and services, the price competition in the industry has become increasingly severe. As certain IT firms retain limited technical capabilities and do not hold pricing advantages under the intense competition on the market, large-scale service providers with quality IT services gradually expanded the gap between them and the small and medium ones.

## V. Operation Highlights

### 5.1.3 Research and Development

R & D Expenses for current year

Unit: NT\$ thousands

Item \ Year	2022
R & D Expenses	518,721

The Company's technologies and R&D consist mainly of integration of business applications and important results include: For more detail, please refer to page 88-90of the Chinese annual report.

### 5.1.4 Long-term and Short-term Development

A. Software data and cloud applications:

(a) Short-Term Development Plan

- (1) Integrate SYSTEX's software service exclusive solutions through the cloud, cyber security, and data power to increase our revenue and gross profit.
- (2) Cloud applications: provide importing, interfacing, and optimized management, and other services using Microsoft 365, Microsoft Azure, Power Platform, and Google MSP as the backbone of sales to assist with the construction of a multi-cloud hybrid environment, thereby creating more flexibility.
- (3) Cyber security overall deployment: cyber security policies and audit regulations, supplemented by a data platform; professional cyber security advice, in order to reduce the probability of cyber attacks; and services that can be provided via cyber security products.
- (4) Asset inventory: customize the most appropriate solution, build flexible IT resources, and provide innovative services and operating models.
- (5) Data integration: AI-powered application scenarios, cloud smart integrated analysis, and data modernization are its main goals.

(b) Long-Term Development Plan: drive data power and achieve computing power through software power, exert the advantages of SYSTEX's software services, which obtained the triple certifications of Microsoft LSP, CSP, and MSP, and aim to become a cloud service provider of regional prominence.

- (1) Enhance the sales of Microsoft cloud solutions and services, leverage our core competitive advantages in quality, speed, cost, and value to provide cross-border and cross-domain multi-cloud integration services.
- (2) Provide appropriate supplier product portfolios in conjunction with quality customized services through the approach of industrial issues and trends, as well as customer pain points and needs in actual scenarios, to help customers comprehensively integrate needs in software authorization, technological value-adding and consultation services. Develop customer loyalty through highly interactive customer base development, such as our product sales teams' promotion of relevant issues and trends and our training in professional knowledge and skills, and aim to become our customers' sole partner in IT strategy.

B. Smart Finance and FinTech applications:

(a) Short-Term Development Plan

- (1) Payment-related applications: Pay continuous attention to eKYC authentication technology and new payment applications.
- (2) Wealth management applications:

## V. Operation Highlights

---

- ① In response to the requirements of cyber security regulations and technological evolutions of new application software developments, a new 5th-generation wealth management system will begin construction in 2023.
  - ② Collaborate with investment consulting companies to construct a smart wealth management system, thereby improving the efficiency of existing smart services.
- (3) Information management applications:
- ① Assist financial service providers and manufacturers in establishing compliant DevSecOps processes.
  - ② Assist the high-tech industry and manufacturing industry in establishing OT cyber security monitoring solutions.
  - ③ Assist financial units in establishing security configuration management mechanisms, thereby enhancing transaction monitoring and its safety and compliance.
- (4) Insurance system applications:
- ① Mobile insurance: Continue to develop new versions of mobile insurance application apps that integrate those of various insurance companies, and develop solutions to interface with Taiwan Cooperative Bank (TCB), which is already using comprehensive solutions.
  - ② Electronic signature: Apart from maintenance projects for existing customers, add a signature project for each sales channel, in the hope of continuously promoting such service to new customers. Insurance brokerages/agencies are the target customers.
  - ③ Internet-based insurance: Continue to offer guidances to banks on planning Internet-based insurance.
  - ④ Insurance brokerage/agency system: Continue to provide existing customers with expansions and amendments, as well as suggestions and plans that meets regulatory requirements. TCB's new insurance agency system will be completed launched this year, and will continue to introduce new customers; Far Eastern International Bank is a target customer.
- (b) Long-Term Development Plan
- (1) Wealth management applications:
- ① To keep up with the accelerated development of a digital financial ecosystem, we will assist customers in pursuing more diversified technologies, and satisfy end customer experience by continuously optimizing various system functions and applications.
  - ② As cyber security awareness is growing, any relevant new regulatory requirements would create a need for immediate upgrades to cyber security systems, so that service providers can continue their operations without disruption.
- (2) Information management applications:
- ① In response to security issues of open source software, introduce foreign compliant solutions of open source software security scanning and authorization to allow customers in various industries to rest assured about the safety in using open source packages for self-developed application systems.
  - ② In response to the microservice trend, introduce the K8 cyber security management solutions to help customers implement the monitoring and management of container security.
- (3) Insurance system applications:
- ① Introducing new technologies: in line with the trend of mobile insurance integrated solutions in remote insurance, continue to apply AI and biometrics to insurance-related systems to create our lead in the industry.
  - ② Insurance company signature projects: to meet the needs of insurance companies for remote

## V. Operation Highlights

---

insurance, develop solutions for multi-channel sales of insurance companies with electronic signature systems.

③ Signature solutions for insurance brokerages/agencies: Provide electronic signature.

- (4) Develop software that can be reused by industrial customers at a higher rate, analyze customer segments in the same industry, increase industrial knowledge and system introduction experience, and gain understanding of unfulfilled applications, such as automobiles, telecommunications, and e-commerce. We will seek business opportunities in government agencies' mobile civil services, official websites, corporate customers' mobile operations, B2C, O2O, Etu + BI, open source database, and other areas.

### C. Microservice applications:

#### (a) Short-Term Development Plan

- (1) Microservice project promotion.
- (2) eACH bank gateway subscription.
- (3) Enhance promotion of hybrid cloud, core system microservice, and data middle end.

#### (b) Long-Term Development Plan

- (1) Provide hybrid cloud management platforms and a comprehensive DevSecOps environment.
- (2) Develop a comprehensive application software architecture for microservices to help customers lay a foundation for follow-up software developments.
- (3) Propose comprehensive data middle-end solutions.

### D. Digital retail applications:

#### (a) Short-Term Development Plan

- (1) Omnixpay: an omni-functional payment platform.
- (2) Smart data middle end.

#### (b) Long-Term Development Plan

- (1) Electronic ticketing platform.
- (2) AI-assisted refueling system and self-service machines.
- (3) Contractor management system and inspection system.
- (4) POS sales management system.

### E. Green technology applications:

#### (a) Short-Term Development Plan

Develop a carbon management platform as the core, in conjunction with energy management systems and the ESG sustainability reporting system, to integrate data systems through mutual interfacing. Systematized, it helps companies reduce human labor on data collection, and helps their managers quickly make decisions to meet regulatory requirements and customer needs for carbon reduction data.

#### (b) Long-Term Development Plan

- (1) Continue to expand partnership in the green ESG ecosystem, create and integrate more diversified green technology solutions to meet the diverse needs of customers from different industries.
- (2) With the ESG integrated platform as the system core, integrate two key systems, carbon asset management and energy governance, through the data middle end as the connector.

### F. Smart cyber security applications:

#### (a) Short-Term Development Plan

## V. Operation Highlights

- (1) Integrate alert information of various cyber security software and hardware products or cloud-based services through API standardization, in conjunction with MOC 24/7 human resources maintenance and emergency response, thus providing governments and businesses with one-stop management and maintenance agency services.
  - (2) Assist businesses in ensuring data access safety during their introduction of cloud services, and improve the visibility and controllability of users' Internet access.
- (b) Long-Term Development Plan
- (1) Continue to promote cloud implementation of our own products to ensure the convenience of cyber security service subscription in our overseas markets.
  - (2) Integrate data protection solutions and extend them to the cloud. It can quickly integrate, monitor and manage any cloud applications, and quickly analyze and identify future behaviors and analyze high-risk users and attacks.

### 5.2 Market, Production and Sales Outlook

#### 5.2.1 Market Analysis

##### A. Region Revenues

Area	Domestic	Overseas	Total
Sales percentage	82%	18%	100%

##### B. Future Market Supply and Demand and Future Growth

The following trends will have material impact in 2023:

- (a) The global IT service market on a stable growth. Cloud services and big data applications continue to play a leading role, while applications of the Internet of Things and artificial intelligence will provide a momentum for the next major growth. The IT service industry will be trending towards 5G infrastructure, IoT, and AI, thereby connecting various technologies to innovate application scenarios and business models.
- (b) With the rise of microservice architecture, the IDC predicts that by 2022, 35% of the world's software services will be cloud-based software, and up to 90% of new software services will use microservice architecture.
- (c) After dedicated 5G network license applications opened in 2021, experimental applications will enter the commercial deployment stage.
- (d) Viewed in light of market trends as well as past sales experience, we will focus on continuously assisting financial institutions in their digital transformation, by offering comprehensive solutions (Infra + AP) and working with TOPi to actively compete for business opportunities in Internet banking product upgrades. In the manufacturing sector, our team in Hsinchu continues to carry out digital transformation, and aim at gaining presence in future trend industries such as semiconductors, electric vehicles, and 5G, thereby continuing to pursue rapid growth.
- (e) Developed over a long time and seeking to meet various operational needs, businesses' internal IT systems have become increasingly complex. Facing the trend of multi-location and globalized operation and demand for diversified use, businesses and individuals must continue to learn new knowledge.

##### C. Market Share

- (a) SYSTEX ranks first in Taiwan in quotation information services:
  - (1) The system is adopted by over 1,000 service outlets of securities firms and it has a market usage rate of over 90%.

## V. Operation Highlights

---

- (2) It is adopted by most professional futures firms in Taiwan and has a market share of over 95%.
  - (3) SYSTEX provides banks and firms with complete international financial information for securities, futures, warrants, bonds, bills, and exchange rates with a top market share.
  - (4) The Company also provides foreign futures firms with fully integrated information service systems for quotation, transactions, and accounts and it retains a market usage rate of over 90%.
  - (5) The market share of mobile financial information services has continued to increase, including vertical industry applications such as the financial industry, telecommunications, medical institutions, circulation, government agencies, and transportation. Many services have reached the first place in the app market.
- (b) The electronic securities/futures/options business transaction system developed by SYSTEX has been adopted by more than 30 financial institutions and remains the product with the highest market share in Taiwan.
  - (c) Mobile financial information service-iWow integrates the sincere financial quotation system to create an Eco-system for mobile finance. In 2020, the "Intelligent Assistant Boer" will be launched to optimize real-time interactive functions and provide personalized financial investment data analysis and integration.
  - (d) SYSTEX has 12 service centers across Taiwan and employs over 400 professional engineers and it is the largest IT service provider in Taiwan. SYSTEX also obtained tenders for land administration maintenance projects in 18 municipalities with a market share of 75%.
  - (e) SYSTEX is the largest data processing and outsourced print service provider. Its market share is over 80% in telecommunication and over 60% in financial institutions and banks.
  - (f) SYSTEX is the Microsoft Licensing Solution Provider (LSP) with the largest market share in Taiwan. Its market share in Microsoft is around 40% and in commercial software is between 10% and 50%.
  - (g) The technical education and training center that offers the most authorized courses from international brands with over 400 comprehensive professional information education and training courses. SYSTEX is one of the few education and training centers with high-level and exclusive courses.
  - (h) Our information security maintenance system M.O.C is currently providing information security services to the land administration bureaus of 18 cities and counties (out of 22 cities and counties in Taiwan), reaching an 82% market share.
  - (i) Information Security Products: Trend Micro, Splunk; Desktop Virtualization: VDI, Citrix and Hyper-converged Device: Nutanix and others, its market share is between 10% and 30%.

### D. Favorable Developments, Unfavorables Factors and Countermeasures

SYSTEX adopts project execution performance and customer satisfaction report mechanisms to ensure customer satisfaction. The Company also proposes improvement plans based on customer opinions to continue to provide better services with higher value for customers. In addition, the Company has actively adopted strategic investment, acquisition, mergers, and other external growth strategies to facilitate group operations.

SYSTEX provides competitive niches in the following products and services:

#### (a) Intelligent Finance:

##### (1) Favorable Developments

- ① Due to the rapid development of FinTech, demand for open bank, smart wealth management, big data applications, digital marketing platforms, and related technologies have increased by several folds.
- ② SYSTEX has actual experience of CRM with Taiwan securities and futures firms that can satisfy

## V. Operation Highlights

---

multiple customer requirements in China.

- ③ SYSTEX also collaborates with professional international finance and securities brokers to enhance the expansion of the transaction and information platform.
- ④ SYSTEX retains R&D teams with professional knowledge in technologies and finance.
- ⑤ SYSTEX provides transaction platforms for domestic and international open bank, securities, futures, warrants, bonds, bills, and foreign exchange as well as front/middle/back-end finance solutions.
- ⑥ SYSTEX has distributed renowned world-class software for long periods of time and has built a professional brand in the industry.

### (2) Unfavorable Factors

- ① Taiwan's domestic market is reaching the point of saturation as market competition intensifies and product variation decreases.
- ② International brand awareness requires improvement.
- ③ There are numerous competitors in the international financial information market and most have finance-related backgrounds.
- ④ It is hard to cultivate technicians in basic banking AP development, causing a gap in human resources.
- ⑤ Financial customers have a profound knowledge and ambition for digital transformation and development, and their relationship with system suppliers is both competitive and cooperative.
- ⑥ Non-financial tech companies are entering financial services on the basis of their IT application capacities.

### (3) Countermeasures

- ① Continue to expand markets in China and Taiwan  
SYSTEX shall target investment requirements of investors in four stock markets in China, Hong Kong, and Taiwan, gain real-time information in these markets, and provide comprehensive and a diversity of quotation product combinations.
- ② Enhance R&D and Strategic Transition
  - i. The Company shall comply with industry requirements and regulations in launching various financial products and information services in order to create differentiation to satisfy requirements of individual customers.
  - ii. In response to the coming of the internationalized product transaction era, SYSTEX shall focus on the development and applications of different product transaction platforms.
  - iii. SYSTEX has established the "Big Data R&D Division" to integrate big data analysis and interactive technologies and continue to advance various new tools and solutions.
  - iv. SYSTEX shall continue to provide finance and corporate service mobilization plans and services to expedite the digital transformation of financial institutions.

### (b) Intelligent Service:

#### (1) Favorable Developments

- ① As the domestic catering distribution service industry develops, business opportunities will increase in stored value services and financial mobile payment.
- ② SYSTEX has completed the development of our new product, the omnichannel smart billing management system Interact. SYSTEX will gradually strengthen the integrity of the product's front and back-end functions, allowing for quickly and flexibly designed and generated customized communication documents to improve customer service experience.
- ③ SYSTEX was the first to introduce applications of smart robot development in different

## V. Operation Highlights

---

industries and we work with international AI developers to retain the lead in technology integration capabilities.

- ④ SYSTEX has had numerous successful cases in the development of customized software EC operation agency have established Best Practice principles that bring in more business opportunities.
- ⑤ Demands for outsourcing corporate information services will continue to climb and related software/hardware equipment installation and maintenance services will continue to grow.

### (2) Unfavorable Factors

- ① Difficulties in growth volume of statement notification letters are mainly due to changes in regulations on shareholder services, increase in postage fees, environmental protection trends, and digital finance services.
- ② Principals' direct involvement in outsourced marketing services compress room for growth.
- ③ Competitors continue to lower prices for equipment maintenance in order to obtain market share, which has led to the reduction of gross margins.

### (3) Countermeasures

- ① SYSTEX develops its own product, INTERACT, to provides differentiated added-value services. We integrated existing interactive electronic statements and mSense electronic statements to lower the impact of electronic statements on revenue. In addition, it has got into the market of examination and increased diversified operating income.
- ② SYSTEX employs AI technologies to develop different applications for different industries and provides new services and solutions.
- ③ SYSTEX expands the customer base for maintenance contracts to increase chances for contracting. The Company shall also expand the sales of equipment to increase market share and increase the technical capabilities of maintenance staff to construct comprehensive solutions.

### (c) Data Technology Products and Services:

#### (1) Favorable Developments

- ① SYSTEX is Taiwan's largest information service provider and it is financially sound. The Company has numerous successes in various industries. SYSTEX maintains excellent relations with international vendors and distributors. It also enjoys high brand recognition in the market and has become an important IT services supplier for customers.
- ② SYSTEX remains the best partner for corporate one-stop shopping from the construction of information technology infrastructure to the design of application software information systems and comprehensive services for construction and operations management. The Company distributes a wide range of products and our customers lead their respective industries in terms of overall economic scale.
- ③ SYSTEX has accumulated over decades of extensive experience in cybersecurity technologies and actual experience. It retains comprehensive solutions, multiple product combinations and technical support teams.
- ④ Due to the trade wars, large-scale pandemic and health crises, and political and economical uncertainties in recent years, the global market has continued to pay attention to information security and digital transformation issues.
- ⑤ SYSTEX has comprehensive smart manufacturing solutions from equipment networking, intelligence gathering, smart dynamic scheduling, AI defect detection, to big data manufacturing optimization. Combined with our internal information security capabilities and



## V. Operation Highlights

---

group resources such as our cloud capabilities, SYSTEX can satisfy customer's every need and set ourselves apart from other SIs.

- ⑥ Software rental and the flexible planning of cloud green data centers have become more and more common.
- ⑦ Cloud services and cloud products are gradually maturing. Information security cloud and cloud protection solutions are the next key development projects that can be provided to customers; after the integration or reorganization of some information security agency products, more powerful information security protection products and solutions will be provided. The program caters to the needs of the market.
- ⑧ ESG and carbon reduction-related actions required by the supply chain and competent authorities.
- ⑨ We are transforming into a cyber security service provider to help customers introduce cyber security-related systems. In line with the Cyber Security Management Act, ISO 27001, and know-hows of relevant competent authorities and industrial categories, we assist with the introduction of cyber security systems, thereby deepening our service-based relationship with customers, raising the basic requirements in the industry, and widening the gap between us and competition.
- ⑩ SYSTEX is Taiwan's largest IT service provider. We have a good grasp of all our key customers, and are able to respond to customer needs in the shortest possible time and provide them with quality training services.

### (2) Unfavorable Factors

- ① The market in Taiwan is saturated and the intense price competition in the industry lowers profits.
- ② The recent global economic downturn has continued to shrink the domestic IT service market as customers' budgets decreased and it became increasingly difficult to sustain growth.
- ③ The IT budget accounts for a low proportion of total national budget. It is lower than international standards and mostly used on hardware. Political uncertainties in recent years have led to delays and cuts in budget.
- ④ Principals direct involvement in outsourced marketing services compress room for growth.
- ⑤ The variation in the features of cybersecurity products and solutions is gradually declining and it leads to lower profit margins. Due to the variation in customers' business models, the introduction of solutions requires high levels of customization that extends the time required for project introduction.
- ⑥ Due to the COVID-19 pandemic, the number of variables in the social, political, and economic environment have increased dramatically. Although relevant issues are being discussed, they are still affected by the overall economy. Customers have smaller budgets, which makes business growth difficult.
- ⑦ In customer service processes, customers only procure a single or multiple information security products to deal with short-term pain points (e.g., audits and regulatory requirements).
- ⑧ The main software products that we distribute as agent have been changed into rental-based services, which has greatly changed our gross profit structure. As a software sales service provider with diversified sales models, SYSTEX has transformed its software services into consultation-based services, including importation or construction services, advisory, and training. There are numerous cloud and digital transformation service providers in a fiercely

## V. Operation Highlights

---

competitive market, which has direct impact on the innovation, upgrade, transformation, and succession of a company or an organization and creates needs for technical expertise and overall planning consultation.

- ⑨ Our competitors try to mislead public opinions through massive investments in advertising and marketing.

### (3) Countermeasures

- ① SYSTEX shall introduce related products of original manufacturers for service integration and improving competitive advantages to provide more comprehensive solutions and technology integration.
- ② By strengthening the integrity of the product line, the group of lecturers, and the service process, SYSTEX is able to deepen customer relations, create team value, and raise competitive standards.
- ③ SYSTEX actively seeks alliances with competitors to quickly expand markets through integration in professional sectors.
- ④ Strengthen technician team training and technology shift to provide stable tech support.
- ⑤ Focus on providing integrated services. Integrate information security products that customers are already using so that they can focus on managing information services.
- ⑥ Gain an in-depth understanding of the semiconductor supply chain and enter the high-tech industry, making SYSTEX a leader in new technology testing.
- ⑦ Continue to improve software development technologies, quality, and capability to reduce software development and maintenance costs and improve overall quality and services. Inform customers of labor costs derived from information security at appropriate times and increase the government's software outsourcing budget after obtaining customers' approval.
- ⑧ Develop comprehensive information security according to market demand, adopt the strategies of SYSTEX's 6 integration and 9 growth programs, and aim at the "6 core strategic industries, backed by information security".
- ⑨ Cooperate with the national plan top achieve net zero emissions, draw customers' attention to current affairs and trends, and increase the incentives for sustainable improvement.
- ⑩ Raise basic requirements of product line completeness, time slot selection flexibility, lineup of lecturers, service processes, etc., thereby continuing to widen the gap between us and competition.

### (d) FinTech:

#### (1) Favorable Developments

- ① Boasting numerous produces and services that range across banking, insurance, and supervisory institution, we allow relevant service providers to find their best integrated solutions in SYSTEX.
- ② The government and major research institutions at home and abroad have pointed out that cyber security issues will need to be taken seriously. SYSTEX has rich experience in agency and business process introduction consulting, and will be able to effectively assist companies in choosing suitable management tools and help them build internal and external cyber security measures from scratch.
- ③ We possess experience in the development and integration of financial transaction platform system long-term maintenance, and can quickly turn customer needs into application systems.

#### (2) Unfavorable Factors

## V. Operation Highlights

---

- ① Other competitors cut prices to create market advantages.
  - ② Competent authorities' financial regulations are increasingly stringent, thus resulting in the increase in time required to negotiate cases.
  - ③ FinTech startups produce inconsistent results in the projects they undertake, and their internal personnel must respond to emergencies and be mobilized accordingly.
- (3) Countermeasures
- ① Keep track of FinTech trends in the market at any time, so that financial service providers can obtain first-hand and latest product or service information.
  - ② Pro-actively cooperate with FinTech startups and medium and large insurance brokers/agents to develop a cooperative model of mutual benefits and expand the scope of the ecosystem.
- (e) Digital sustainability:
- (1) Favorable Developments
- ① The net zero emissions goal by 2050 has become a global trend, which Taiwan has incorporated into the Climate Change Response Act.
  - ② 5G AIoT-related technologies are becoming sophisticated, which will facilitate its importation into application scenarios of green smart factory.
  - ③ The carbon reduction requirements in the supply chain of our brand and carbon taxes and carbon fees charged by competent authorities of various countries serve as a powerfully driving force of ESG.
- (2) Unfavorable Factors
- ① The manufacturing industry invests a massive amount of money in sustainable development, and only an enterprise of a certain business scale can have sufficient resources to meet the requirement for the speed of implementation in terms of branding and regulation.
  - ② If SMEs do not have urgent carbon reduction pressure in their supply chains and are not the subjects of priority regulatory requirements, they will lack motivation to improve.
  - ③ Numerous system integration service providers, schools, corporate bodies, and consultancies are investing in the carbon inventory consulting market.
- (3) Countermeasures
- ① Continue to implement marketing promotion and educate customers through SYSTEX's Shalun Smart Green Energy Science City in Tainan, progressively build our brand visibility in ESG-related solutions, and continue to upgrade the science city's R&D capacity.
  - ② Keep track of any adjustments to relevant domestic and international regulations, express concern for customers immediately when they are hit by such adjustments, and satisfy their needs through comprehensive green technological solutions.
- (f) Intelligent cyber security:
- (1) Favorable Developments
- ① Facing frequent hacker attacks, governments and businesses need to monitor unexpected cyber security incidents at all times. However, for most companies, the costs and technical requirements for the construction of their own cyber security operation center (SOC) are too high and cyber security specialist are not easily available. Therefore, the outsourced, subscription-based cyber security service has become a popular option for companies. It can not only relieve the heavy burden of equipment and human resources but also achieve compliance with cyber security regulations.
  - ② After merging or reorganizing some cyber security agency products, we will provide more

## V. Operation Highlights

powerful cyber security protection products and solutions to meet market demands.

### (2) Unfavorable Factors

- ① In customer service processes, customers only procure a single or multiple cyber security products to deal with short-term pain points (e.g., audits and regulatory requirements).

### (3) Countermeasures

- ① Solve customer pain points as top priority. Educate customers on cyber security awareness, and identify cyber security recourses by order of priority and relevant solutions through the life cycle of cyber security governance.
- ② Develop comprehensive information security according to market demand, adopt the strategies of SYSTEX's growth programs, and aim at the "6 core strategic industries, backed by cyber security."

### 5.2.2 Key Product Applications and Manufacturing Processes:

Please refer to pages 79-82 of the Chinese annual report.

### 5.2.3 Supply of Essential Raw Materials: N/A

### 5.2.4 Key Suppliers and Customers in 2022 & 2021:

A. Key Customers: There are not any customers for more than 10% of the total sales in 2022 & 2021.

B. Key Suppliers:

Unit: NT\$ thousands

Supplier	Year	2021			2022		
		Amount	Percentage of Total Purchase (%)	Relationship with Issuer	Amount	Percentage of Total Purchase (%)	Relationship with Issuer
Company A		5,940,367	30	None	7,402,691	30	None
Others		13,889,692	70		16,988,877	70	
Total		19,830,059	100		24,391,568	100	

5.2.5 Production in 2022 & 2021: SYSTEX is the Information Service Company, it's not applicable.

### 5.2.6 Shipments and Revenue in 2022 & 2021

Unit: NT\$ thousands

Item	Year	2021		2022	
		Domestic	Overseas	Domestic	Overseas
Net sales		18,335,753	4,468,301	21,525,053	4,746,034
Service revenue		5,516,269	1,142,918	5,602,321	1,186,676
Other operating revenue		60,017	3,699	63,911	4,857
Total		29,526,957		33,128,852	

## V. Operation Highlights

### 5.3 Human Resources

Year		2021	2022
Number of Employees	Sales & Marketing	664	623
	Technician	1,995	2,053
	Programmer	983	1,089
	Administration	586	585
	Total	4,228	4,350
Average Age		38	38
Average Years of Service		7.08	7.25
Education	Ph.D.	0.21%	0.16%
	Master	11.66%	12.37%
	University & College	81.62%	81.59%
	High School	6.20%	5.59%
	Below High School	0.31%	0.30%

### 5.4 Information on Environmental Protection Costs

The Company's main businesses include information services, sales and other services of computer software, hardware, and related equipments. SYSTEX does not own a factory and therefore does not pollute the environment. Although SYSTEX is not part of energy-intensive industries with higher greenhouse gas emissions, it still makes the effort to reduce greenhouse gas emissions and conserve energy. The Company established eco-friendly policies, with measures like energy efficiency and carbon reduction, green purchasing, buying and renting energy-efficient or power-efficient products from makers with Green Mark certification to reduce stress on the environment. The Company also changes or improves energy inefficient equipment and promotes energy conservation every year. To keep track of potential impact of extreme weathers on our operations, SYSTEX successfully obtained three environmental certifications in 2021 – ISO 14001 environmental management systems, ISO 14064-1 greenhouse gas emissions, and ISO 50001 energy management systems, thereby effectively tracking and managing various environmental data and measures to reduce the negative impact on the environment in our operating processes.

### 5.5 Labor Relations

Harmonious employee and management relations are the foundations of corporate development. The Company's employee and management relations throughout the years have always been harmonious and stable as well as conducive to mutual prosperity. The Company dedicates itself to improving employee benefits, salary standard, and work environment and to maintain open communication channels between staff and management. The hard work of all employees and their demonstration of personal talents allow employees and the Company to grow together and create a better future together.

The Company processes various recommendations from employees in an appropriate manner to create constructive consensus and facilitate cooperation between staff and management. The Company therefore has no employee and management disputes.

The Company's employee benefits for studying, training, the pension system and its implementation status as well as labor agreements and employee rights maintenance measures are as follows:

## V. Operation Highlights

---

### 5.5.1 Welfare measures for employees

- A. The Company has established an Employee Welfare Committee in accordance with regulations to organize dinner parties, tours, clubs, and other activities to improve the work environment and quality of life. In addition, the Company also provides various benefits for employees' work, health, and family life:
- (a) The Company provides a more favorable leave program than the Labor Standards Act.
  - (b) The Company has established badminton courts, a gym, shower rooms, and nursing room and appointed professional massage therapists to provide employees with free massage services.
  - (c) The staff rest area serves as a place for colleagues to hold various activities and discussions. There is also a coffee bar and free snacks, so that colleagues can have a space to relax after work, so as to enhance communication and friendship among colleagues.
  - (d) The Company provides regular health exams for employees.
  - (e) The Company provides laundry and delivery services at discount prices.
  - (f) The Company has constructed parking lots for use by all employees after filing applications.
  - (g) The Company encourages employees to establish clubs and subsidizes club funding.
  - (h) Employees enjoy promotional prices for products of the Group.
  - (i) Offers sports and fitness courses to encourage employees to form a habit of exercise. We also organize employee activities and ball games, plan trips, and hold various lectures from time to time to enrich employees' recreational activities and develop their friendships.
  - (j) Introduced employee assistance programs, thereby providing employees with comprehensive care for their physical and mental health.
  - (k) In addition to the legally required labor and health insurance, the Company also provides employees with group insurance. The group insurance is paid for by the Company and employees' family members can also pay for additional coverage.
  - (l) Offers maternity leave and pregnancy checkup leave that exceed statutory requirements; established the Systex Baby Happy Growth Fund, which offers a parental subsidy of up to NT\$120,000 for each full-time employee's child aged below 2.
  - (m) Cooperated with a qualified child care service agency for child care services.
  - (n) In addition to the wedding and funeral subsidies for colleagues, the company also provides congratulatory gifts on employees' birthdays, marriages, births and other important holidays.

### 5.5.2 Training and Career Development

A total of 7,799 employees participated in the physical training courses (excluding digital learning courses) hosted by SYSTEX in 2022 and the total training time exceeded 79,250 hours and a total of 23,288 employees participated in the digital learning courses hosted by SYSTEX in 2022 and the total training time exceeded 51,222 hours. In addition, there were 603 instances of employee participation external professional training courses which accounted for a total of 12,736.9 training hours.

SYSTEX values talent cultivation and the advancement of employee expertise. We firmly believe that employees are the Company's most important assets, and we have made systematic plans and provided employees with education development plans to advance both their professional technical skills and career development. Employees can participate in external training and obtain professional licenses. The Company has also developed comprehensive internal training courses based on the Company's organizational strategies and employees' personal development needs, providing diverse courses such as newcomer training, leadership and management, technical development, marketing and sales, personal performance, key talent cultivation, as well as expert lectures, and the Intern School.

In addition, the Company has also established comprehensive "Employee Training Development Management Regulations" to encourage employees to participate in a variety of studies and courses for

## V. Operation Highlights

---

which the Company provides subsidies. At the same time, the training and development are incorporated into the performance management system to motivate employees to maximize their performance to accomplish the Company's goals.

Internal training courses provided by SYSYEX include:

- A. Newcomer Training Program: To help each new employee familiarize themselves with the environment and understand the Company's principles and culture, SYSTEX designed a mix of physical and digital courses centered the needs of new employees, effectively helping new employees establish a positive work attitude and strive for excellence. The program allows new employees to interact with high-level executives to better their understanding of SYSTEX's corporate culture, and includes a special introduction to the Solution Center to help new employees better understand the Company's products and services. Dedicated person to introduce CSR activities and encourage employees to participate in volunteer services. The program also educates new employees on occupational health and safety to instill proper occupational health and safety concepts.
- B. Leadership Management Program: To enhance the management skills of supervisors, the Company has designed management development training courses for different levels of managers in order to increase the leadership and management skills of supervisors and ensure the effective performance of the organization. The Company opened a mentoring technique course to improve the abilities of senior employees and managers to mentor new employees and develop the right attitude towards mentoring new employees. It is hoped that such a program can help senior employees pass down techniques and allow new employees to settle into their new position and environment quicker.
- C. Technical Development Course: SYSTEX has best practices for software development and integration developed through a long time, and has established 15 Task Forces with specialties in computing, software, data, information security, maintenance and operation, FinTech, 5G, and marketing; We continuously introduce new technologies and organize technical workshops to effectively develop technical talents, thereby ensuring the professional technical quality of our software development and integration of industrial applications.
- D. Marketing and Sales Program: The key to sales personnel's success has shifted from product- to customer-orientation. These courses cover everything from making the first contact, understanding customer needs, providing comprehensive solutions, to the final sale, including utilizing effective questioning techniques to determine what the customer truly needs. The program trains employees in consultative selling techniques, helping them play the role of product expert consultant to persuade customers to place an order.
- E. Personal Performance Program: To assist SYSTEX employees in cross-domain learning, we provide our digital learning platform to help employees achieve learning goals in their spare times. Every year, we provide courses on personal effectiveness for employees.
- F. Key Talent Cultivation: Conduct annual inventory and cultivation planning of key positions and talents according to organizational strategy and needs for reserved talents, as well as human recourse strategies for high performance and contribution.
- G . Expert lectures: Invite industry experts to share best practices. The content focuses on trend issues, technology applications, etc., allowing supervisors and colleagues to gain more practical experience through expert lectures, so as to practice the win-win concept of achieving customer value and improving business performance.
- H. Intern School: We provide summer and long-term internship programs, during which students will be arranged to participate in courses on industrial applications offered by executive managers, while practical training will be supervised by mentors. Students can better understand SYSTEX through this

## V. Operation Highlights

---

internship opportunity, and those achieving excellent performance will be prioritized for full-time job vacancies.

In addition to physical courses, SYSTEX also established a comprehensive Learning Management System to assist employees in developing core expertise quickly through an automated information system. The Company also uses digital technologies such as Facebook Live Stream, Webex, and Zoom video conference to allow employees to enhance their capabilities outside the constraints of space and time.

### 5.5.3 Retirement System

The Company's retirement regulations are implemented in accordance with regulations of the Labor Standards Act and Labor Pension Act.

#### A. Labor Standards Act (old system):

- (a) The Company has established the Supervisory Committee of the Labor Retirement Reserve in accordance with regulations. The labor retirement reserve fund is appropriated each month in accordance with the "Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds" to the Committee's dedicated account at the Bank of Taiwan.
- (b) Employee retirement application: Where the employee attains the age of fifty-five and has worked for fifteen years, where the employee has worked for more than twenty-five years, or where the employee attains the age of sixty and has worked for ten years, the employee may apply for voluntary retirement.
- (c) Employee pension payment: The monthly average salary of the employee authorized for retirement shall be adopted as the standards for calculating employee pension base unit. Two base units are given for every full year of service. Those having served over 15 years are given one base unit for each full year of service and the total number of base units shall be no more than 45. Length of service is calculated as half year when it is less than six months; Length of service is calculated as one year when it is more than six months. However, employees who face mandatory retirement due to the performance of duties specified in Article 54 of the Labor Standards Act shall receive an additional 20% for their pension in accordance with the requirement.

B. Labor Pension Act (new system): The Company appropriates 6% of the employee's salary to the dedicated personal pension account established by the Bureau of Labor Insurance in accordance with the "Monthly Contribution Wages Classification of Labor Pension".

### 5.5.4 Working Environment and Protective Measures for Employees' Personal Safety

The Company has established a employee safety and health management agency and the Employee Safety and Health Committee in accordance with the "Regulations on the Management of Labor Safety and Health Organization." Meetings are convened each quarter to implement affairs related labor safety and health. The Company implements access management for the security of the building. It established a central surveillance system staffed by 7X24-X 365 security personnel. The Company conducts fire safety exercises every six months and annual "fire safety equipment inspection and reports" in accordance with fire safety regulations to improve employees' familiarity with fire safety. The Company established a "Fire Safety Protection Plan" and designated fire-safety managers to implement fire safety education. The Company files building safety inspection reports to ensure the safety of the building and obtains the "Taipei City Building Public Safety Autonomous Management Inspection Qualification Label" each year to ensure the safety of the building. The Company also regularly cleans the drinking water storage facility, conducts environmental disinfection operations, and inspects drinking fountains each month. The Company has appointed physicians to carry out health services at the Company every two months to provide employees with health consultation in accordance with the "Labor Health Protection Act", and provide employee health consultation and workplace evaluation to prevent occupational hazards. The Company has also built a



## V. Operation Highlights

---

friendly work environment and constructed breastfeeding rooms in accordance with regulations of the Health Promotion Administration. We also obtained the "Taipei City Government High Quality Breastfeeding Room Certification" (duration: September 1, 2022 to August 31, 2023). The Company has set up gym facilities and badminton courts for employees to provide them with venues for leisure and sports. The Company has also established wheelchair accessible facilities at the entrance of the building and lavatories. SYSTEX passed the "Accredited Healthy Workplace" inspection by the Health Promotion Administration for a smoke-free workplace and provides employees with a healthy work environment.

### 5.5.5 Employee Code of Conduct

The Company has established the "Employee Code of Conduct" as the standard to be followed by the Company's employees when conducting business activities. The main contents include:

- A. Legal requirements and the Company's internal regulations shall be strictly implemented when conducting business activities in order to protect employees and the Company from legal penalties or prosecution by stakeholders.
- B. Protect the Company's reputation and assets.
- C. The Company's assets and information shall only be used to achieve the Company's goals and they shall be properly used, protected, and stored.
- D. Employees may not conduct activities that conflict with the interests of the Company.
- E. Applicable procedures and punishment measures in the event of violations.

Each new employee shall be required to attend an online learning course on "Employee Code of Conduct" after entering the Company. The course shall be announced on the Company's internal website. In addition, SYSTEX shall issue regular email notifications and education each month to request compliance by supervisors and remind colleagues to read and sign so that all employees shall adhere and implement related regulations.

### 5.6 Cyber security management

In the face of information security risks, the information security and personal information crisis management team is responsible for information security risks within the company, and an information security Taskforce committee is formed. There are 10 members include the chief of staff, IT department, legal department and business units and other relevant supervisors and colleagues. Provide consulting, technical services and information security education and training for the group's information security management, and hold a total of 12 special meetings in 2022. In addition to managing the information security management of the Group, the Information Security and Personal Information Crisis Management Team also supports the handling of information security and personal information incidents that have been introduced into ISO 27001 business units. All business units that have introduced ISO 27001 have formed an information security management committee, established an information security risk management framework, and formulated information security policies and specific management plans.

As for confidential data services, SYSTEX conducts risk assessments and relevant reviews every six months. Regular meetings are held to check whether information security incidents have occurred, assess the impact and risks of the incident on the company, put forward specific improvement plans and continue to track the improvement situation. In order to continuously strengthen information security management and master the effectiveness of risk management, SYSTEX and the Group's subsidiaries Systex Software & Service Corp., Systex Solutions Corp., Syspower Corp., Concord System Management Corp., Taifon Computer Co., Ltd. and Taiwan Information Service Technology Corp. have obtained ISO 27001 information security management system certification and continuous renewal of certificate validity period .

In terms of customer rights, the Company's IT services are provided, constructed, managed, and maintained based on the operating method and service process for each product and service, for which the

## V. Operation Highlights

Company also provides comprehensive mechanisms and complaint procedures. For example: we have a customer service center for financial products, and an online service support center for product and system maintenance, thus providing customers with high-quality support services. The services provided by the Company are subject to its IT Confidentiality Agreement, and are controlled by its E-commerce Personal Information Processing Procedures. In 2022, there were no verified incidents of customer privacy violation.

In 2022, risk assessments conducted in the previous years were adopted, and no high-risk items were found. Medium- and low-risk items were handled by relevant units in accordance with the determined control measures and adjustments and included in the follow-up tracking and reports.

The company has established the "SYSTEX Group Information Security Management Measures", and also has e-mail management, computer facilities anti-virus management, firewall restrictions, user account permissions for each service system, wireless network, domain name application and public network services, desktop Detailed management operation rules for upper and notebook computers, computer facilities, portable devices and media, etc., and keep an eye on information security news and announcements, and update management measures in timely. In addition to continuously strengthening basic information security protection, such as antivirus, firewall, intrusion prevention, web firewall, and email protection. In order to strengthen the terminal information security, the zero trust framework and multi-factor verification are introduced to improve the overall information security protection of the group and its subsidiaries.

In 2022, the implementation results of the cyber security measures are as follows:

- A. A total of 7,200 employees in SYSTEX group participated in the twice propaganda and tests of cyber security.
- B. A total of 3,867 employees participated in the digital learning courses of general courses by cyber security and the total training time exceeded 11,601 hours.
- C. A total of 238 project employees participated in the digital learning courses of professional courses by cyber security and the total training time exceeded 2,142 hours.
- D. Professional Training of Cyber Security Seed staff: There are 26 physical courses in cyber security with a total of 767 participants and 9,517 training hours.
- E. The colleagues in SYSTEX group have obtained 154 information security certificates (such as ISO 27001, ISO27701, CISSP, CSSLP, CISM, EDRP, CEH, CFHI, etc.) in 2022 and have obtained the total of 501 information security certificates.

### 5.7 Important contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Reseller Agreement	Oracle Taiwan LLC, Taiwan Branch	2022.12.26-2023.12.25	Digital Course Sales	None
Reseller Agreement	Microsoft Regional Sales Corporation	2022.04.01-2024.03.31	Software proxy	None
Reseller Agreement	IBM Taiwan Corporation	2021.12.10-2023.12.09	Software proxy	None
Reseller Agreement	Dell B.V., Taiwan Branch (Netherlands)	2022.11.14-2023.11.13	Product distribution	None

## VI. Financial Information

### 6.1 Five-Year Financial Summary

#### 6.1.1 Condensed Balance Sheet and Condensed Statement of Comprehensive Income

##### A. Consolidated Condensed Balance Sheet

Unit: NT\$ thousands

Item		Year	Financial Summary for The Last Five Years(Note 1)				
			2018	2019	2020	2021	2022
Current assets			14,062,166	14,582,968	15,626,468	19,273,022	21,753,125
Property, plant and equipment (Note2)			1,913,330	1,929,649	2,098,607	2,088,417	2,212,298
Intangible assets			116,074	86,279	131,440	136,147	329,033
Other non-current assets (Note2)			3,887,893	4,987,658	4,172,657	5,062,604	5,605,287
Total assets			19,979,463	21,586,554	22,029,235	26,560,190	29,899,743
Current liabilities	Before distribution		6,492,370	7,472,992	7,842,987	9,259,857	11,856,329
	After distribution		7,839,337	8,819,959	9,189,954	10,606,824	-
Non-current liabilities			292,142	631,429	536,801	3,489,166	3,435,605
Total liabilities	Before distribution		6,784,512	8,104,421	8,379,788	12,749,023	15,291,934
	After distribution		8,131,479	9,451,388	9,726,755	14,095,990	-
Equity attributable to owners of the corporation			13,125,761	13,392,643	13,509,123	13,503,339	14,068,161
Share capital			2,693,933	2,693,933	2,693,933	2,693,933	2,723,333
Capital surplus	Before distribution		6,729,035	6,407,221	6,493,756	6,606,321	6,874,231
	After distribution		6,405,763	6,407,221	6,493,756	6,390,806	-
Retained earnings	Before distribution		5,090,264	5,799,398	6,018,588	5,860,652	5,878,497
	After distribution		4,066,569	4,452,431	4,671,621	4,729,200	-
Other equity			(383,842)	(579,466)	(768,711)	(729,124)	(479,457)
Treasury share			(1,003,629)	(928,443)	(928,443)	(928,443)	(928,433)
Non-controlling interests			69,190	89,490	140,324	307,828	539,648
Total equity	Before distribution		13,194,951	13,482,133	13,649,447	13,811,167	14,607,809
	After distribution		11,847,984	12,135,166	12,302,480	12,464,200	-

Note 1: The financial information of the preceding years has been audited by the CPA.

Note 2: No reevaluation of assets has been conducted throughout the years.

Note 3: The earning distribution of 2022 by cash is to be approved by the Board of Directors meeting on April 12, 2023.

## VI. Financial Information

### B. Consolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenues	19,515,989	22,051,023	23,735,090	29,526,957	33,128,852
Gross profit	5,034,211	5,549,292	5,751,446	6,655,386	7,339,652
Profit from operations	687,722	607,017	924,873	1,133,452	1,257,294
Non-operating income and expenses	553,505	1,596,490	926,306	318,163	135,770
Income before tax	1,241,227	2,203,507	1,851,179	1,451,615	1,393,064
Net income	1,050,172	1,811,303	1,675,722	1,223,096	1,128,355
Other comprehensive income (loss) (income after tax)	37,855	(247,574)	(289,223)	27,619	493,556
Total comprehensive income	1,088,027	1,563,729	1,386,499	1,250,715	1,621,911
Net income attributable to owners of the corporation	1,051,418	1,808,042	1,666,345	1,213,916	1,091,229
Net income attributable to non-controlling interests	(1,246)	3,261	9,377	9,180	37,126
Comprehensive income attributable to owners of the corporation	1,089,408	1,560,779	1,376,995	1,243,277	1,578,266
Comprehensive income attributable to non-controlling interests	(1,381)	2,950	9,504	7,438	43,645
Earnings per share (Note 2)	4.27	7.31	6.72	4.90	4.40

Note 1: The financial information of the preceding years has been audited by the CPA.

Note 2: Calculated by the weighted average number of shares in external circulation.

## VI. Financial Information

### 6.1.2 Unconsolidated Balance Sheet and Condensed Statement of Comprehensive Income

#### A. Unconsolidated Condensed Balance Sheet

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years (Note 1)				
		2018	2019	2020	2021	2022
Current assets		2,930,051	3,348,530	3,197,551	5,212,015	5,830,746
Funds and Investments		11,023,444	10,865,798	11,356,226	12,947,553	13,901,592
Property, plant and equipment (Note 2)		1,620,945	1,611,371	1,636,293	1,612,071	1,619,463
Intangible assets		30,303	19,744	28,203	62,347	101,300
Other non-current assets (Note 2)		138,069	385,287	337,861	314,660	356,787
Total assets		15,742,812	16,230,730	16,556,134	20,148,646	21,809,898
Current liabilities	Before distribution	2,354,731	2,433,959	2,719,301	3,389,594	4,522,491
	After distribution	3,701,698	3,780,926	4,066,268	4,736,561	-
Non-current liabilities		262,320	404,128	327,710	3,255,713	3,219,246
Total liabilities	Before distribution	2,617,051	2,838,087	3,047,011	6,645,307	7,741,737
	After distribution	3,964,018	4,185,054	4,393,978	7,992,274	-
Equity attributable to owners of the corporation		13,125,761	13,392,643	13,509,123	13,503,339	14,068,161
Share capital		2,693,933	2,693,933	2,693,933	2,693,933	2,723,333
Capital surplus	Before distribution	6,729,035	6,407,221	6,493,756	6,606,321	6,874,231
	After distribution	6,405,763	6,407,221	6,493,756	6,390,806	-
Retained earnings	Before distribution	5,090,264	5,799,398	6,018,588	5,860,652	5,878,497
	After distribution	4,066,569	4,452,431	4,671,621	4,729,200	-
Other equity interests		(383,842)	(579,466)	(768,711)	(729,124)	(479,457)
Treasury shares		(1,003,629)	(928,443)	(928,443)	(928,443)	(928,443)
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	13,125,761	13,392,643	13,509,123	13,503,339	14,068,161
	After distribution	11,778,794	12,045,676	12,162,159	12,156,372	-

Note 1: The financial information of the preceding years has been audited by the CPA.

Note 2: No reevaluation of assets has been conducted throughout the years.

## VI. Financial Information

### B. Unconsolidated Condensed Statement of Comprehensive Income

Unit: NT\$ thousands

Item \ Year	Financial Summary for The Last Five Years (Note 1)				
	2018	2019	2020	2021	2022
Operating revenues	6,353,272	6,569,020	7,017,537	8,285,387	9,126,576
Gross profit	2,246,610	2,294,466	2,396,201	2,554,658	2,813,748
Profit from operations	158,100	39,438	98,491	95,303	75,782
Non-operating income and expenses	920,362	1,825,186	1,587,472	1,128,125	1,019,186
Income before tax	1,078,462	1,864,624	1,685,963	1,223,428	1,094,968
Net income	1,051,418	1,808,042	1,666,345	1,213,916	1,091,229
Other comprehensive income (loss) (income after tax)	37,990	(247,263)	(289,350)	29,361	487,037
Total comprehensive income	1,089,408	1,560,779	1,376,995	1,243,277	1,578,266
Net income attributable to owners of the corporation	1,051,418	1,808,042	1,666,345	1,213,916	1,091,229
Net income attributable to non-controlling interests	-	-	-	-	-
Comprehensive income attributable to owners of the corporation	1,089,408	1,560,779	1,376,995	1,243,277	1,578,266
Comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (Note 2)	4.27	7.31	6.72	4.90	4.40

Note 1: The financial information of the preceding years has been audited by the CPA.

Note 2: Calculated by the weighted average number of shares in external circulation.

## VI. Financial Information

---

### 6.1.3 Auditors' Opinions from 2018 to 2022

Year \ Item	Accounting Firm & CPA	Audit Opinion
2018	Deloitte & Touche Accounting Firm Lin, Shu-Wan; Shue, Shioh-Ming	Unmodified report
2019	Deloitte & Touche Accounting Firm Lin, Shu-Wan; Kuo, Cheng-Hung	Unmodified report with other matter paragraph
2020	Deloitte & Touche Accounting Firm Lin, Shu-Wan; Kuo, Cheng-Hung	Unmodified report with other matter paragraph
2021	Deloitte & Touche Accounting Firm Lin, Shu-Wan; Kuo, Cheng-Hung	Unmodified report with other matter paragraph
2022	Deloitte & Touche Accounting Firm Lin, Shu-Wan; Kuo, Cheng-Hung	Unmodified report with other matter paragraph

## VI. Financial Information

### 6.2 Five-Year Financial Analysis

#### 6.2.1 Financial Analysis – Based on IFRS (Consolidated)

Item		Year	Financial Analysis for the Last Five Years (Note 1)				
			2018	2019	2020	2021	2022
Financial structure	Debt Ratio (%)		33.96	37.54	38.04	48.00	51.14
	Ratio of long-term capital to property, plant and equipment (%)		704.90	731.41	675.96	828.39	815.60
Solvency	Current ratio (%)		216.60	195.14	199.24	208.14	183.47
	Quick ratio (%)		157.63	142.18	143.10	154.08	128.79
	Times Interest earned ratio (times)		41.68	66.78	59.09	33.66	18.27
Operating performance	Average collection turnover (times)		5.59	5.90	6.27	6.83	5.91
	Average collection period (days)		65	62	58	53	62
	Average inventory turnover (times)		4.58	5.07	5.25	6.52	5.95
	Accounts payable turnover (times)		4.60	4.70	4.82	5.73	5.41
	Average days in sales		80	72	69	56	61
	Property, plant and equipment turnover (times)		10.13	11.48	11.78	14.10	15.41
	Total assets turnover (times)		0.99	1.06	1.09	1.22	1.17
Profitability	Return on total assets (%)		5.47	8.84	7.80	5.18	4.23
	Return on equity (%)		8.23	13.58	12.35	8.91	7.94
	Profit before tax to capital (%)		46.07	81.80	68.72	53.88	51.15
	Profit to sales (%)		5.38	8.21	7.06	4.14	3.41
	Earnings per share (NT\$) (Note 2)		4.27	7.31	6.72	4.90	4.40
Cash flow	Cash flow ratio (%)		8.56	18.67	14.09	0	8.85
	Cash flow adequacy ratio (%)		51.06	57.33	56.69	41.31	44.39
	Cash flow reinvestment ratio (%)		(4.85)	1.09	(0.94)	(9.47)	(1.06)
Leverage	Operating leverage		7.38	9.32	6.34	5.96	5.91
	Financial leverage		1.05	1.06	1.04	1.04	1.07
<p>Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)</p> <p>1. Times Interest earned ratio decreased 45.71%: Because of income before income tax decreased and interest expense increased.</p> <p>2. Cash flow reinvestment ratio increased 88.81%: Because of Net cash generated from operating activities increased.</p>							

Note 1: The financial information of the preceding years has been audited by the CPA.

Note 2: Calculated by the weighted average number of shares in external circulation.



## VI. Financial Information

### 6.2.2 Financial Analysis (Unconsolidated)

Items		Year	Financial Analysis for the Last Five Years (Note 1)				
			2018	2019	2020	2021	2022
Financial structure	Debt Ratio (%)		16.62	17.49	18.40	32.98	35.50
	Ratio of long-term capital to property, plant and equipment (%)		825.94	856.21	845.62	1039.60	1067.48
Solvency	Current ratio (%)		124.43	137.58	117.59	153.77	128.93
	Quick ratio (%)		76.11	83.08	68.39	109.68	81.23
	Times interest earned ratio (times)		370	339	445	99	34
Operating performance	Average collection turnover (times)		5.89	6.12	6.54	5.69	4.81
	Average collection period (days)		62	60	56	64	76
	Average inventory turnover (times)		4.57	4.26	4.51	5.64	4.63
	Accounts payable turnover (times)		4.30	4.16	4.34	4.07	3.25
	Average days in sales		80	86	81	65	79
	Property, plant and equipment turnover (times)		3.90	4.06	4.32	5.10	5.65
	Total assets turnover (times)		0.41	0.41	0.43	0.45	0.44
Profitability	Return on total assets (%)		6.85	11.34	10.18	6.67	5.33
	Return on equity (%)		8.28	13.64	12.39	8.99	7.92
	Profit before tax to capital (%)		40.03	69.22	62.58	45.41	40.21
	Profit to sales (%)		16.55	27.52	23.75	14.65	11.96
	Earnings per share (NT\$) (Note 2)		4.27	7.31	6.72	4.90	4.40
Cash flow	Cash flow ratio (%)		15.32	3.04	37.37	0	14.49
	Cash flow adequacy ratio (%)		30.83	24.52	31.51	24.93	25.89
	Cash flow reinvestment ratio (%)		(7.13)	(9.08)	(2.34)	(7.88)	(1.65)
Leverage	Operating leverage		14.39	63.28	25.25	27.71	38.26
	Financial leverage		1.02	1.16	1.04	1.15	1.78
<p>Analysis of financial ratio differences for the last two years. [Not required if the difference does not exceed 20%]</p> <ol style="list-style-type: none"> <li>Quick ratio decreased 25.94%: Because of Inventories increased.</li> <li>Times Interest earned ratio decreased 65.65%: Because of interest expense increased.</li> <li>Average days in sales increased 21.91%: Because of Inventories increased.</li> <li>Return on total assets decreased 20.11%: Because of total assets increased.</li> <li>Cash flow reinvestment ratio decreased 79.10%: Because of Net cash generated from operating activities increased.</li> <li>Operating leverage increased 38.11%: Because of profit from operations decreased.</li> <li>Financial leverage increased 54.44%: Because of profit from operations decreased and interest expense increased.</li> </ol>							

Note 1: The financial information of the preceding years has been audited by the CPA.

Note 2: Calculated by the weighted average number of shares in external circulation.

## VI. Financial Information

---

### 6.3 Audit Committee's Report

#### Audit Committee's Review Report

The Board of Directors has prepared and submitted the 2022 Business Report and Financial Statements, of which the Financial Statements have been audited by Deloitte & Touche. These have been reviewed by us as the Audit Committee of the Company. We deem no inappropriateness on these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219, 208 of the Company Act, we hereby submit this report.

System Corporation

Audit Committee Convener:

---

Lai, Chien-Hua

February 22, 2023

## VI. Financial Information

---

### Audit Committee's Review Report

The Board of Directors has prepared the 2022 earnings distribution proposal. The proposal has been reviewed by us as the Audit Committee of the Company. We deem no inappropriateness on these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219, 208 of the Company Act, we hereby submit this report.

System Corporation

Audit Committee Convener:

---

Lai, Chien-Hua

April 12, 2023

## **VI. Financial Information**

---

6.4 Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021, and Independent Auditors' Report

### **Systemx Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

**DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of the parent company and its subsidiaries as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent company and its subsidiaries. Hence, we have not prepared a separate set of consolidated financial statements of affiliates for the year ended December 31, 2022.

Very truly yours,

SYSTEX CORPORATION

By:

---

February 22, 2023

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Systex Corporation

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

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

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

#### Valuation of Receivables

As of December 31, 2022, notes receivable and accounts receivable amounted to \$6,345,625 thousand. When assessing the impairment of receivables, the management of the Group uses the expected credit loss model based on the lifetime expected credit loss. The valuation of receivables involves significant accounting estimates and judgements of the management. Therefore, we considered the valuation of receivables as a key audit matter. For the disclosures related to receivables, refer to Notes 5 and 11 to the consolidated financial statements.

Our audit procedures performed in respect of the abovementioned key audit matter included the following:

1. We obtained the reports of impairment of receivables and assessed the reasonableness of the expected credit loss model and data used in the reports.
2. We tested the aging schedule of receivables and reviewed the calculation of expected credit loss to confirm the accuracy of the expected credit loss recognized on receivables.
3. We tested the recoverability of receivables by analyzing overdue accounts and verifying cash receipts in the subsequent period. For a receivable that was past due but not yet received, we assessed the reasonableness of the expected credit loss based on the customer's payment history, customer credit control and tracking of overdue receivables.

#### **Other Matter**

We did not audit the financial statements as of and for the years ended December 31, 2022 and 2021 of Rainbow Tech Information (HK) Ltd., Systex Information (HK) Ltd. and Dawning Technology Inc., which were all subsidiaries of the Group included in the consolidated financial statements. The aggregate assets of these subsidiaries as of December 31, 2022 and 2021 amounted to \$3,074,608 thousand and \$2,270,741 thousand, respectively, or 10.28% and 8.55%, respectively, of the consolidated assets. The aggregate net operating revenues of these subsidiaries in 2022 and 2021 were \$5,530,112 thousand and \$4,151,506 thousand, respectively, or 16.69% and 14.06%, respectively, of the consolidated net operating revenues. We also did not audit the financial statements as of and for the year ended December 31, 2022 of Genesis Technology Inc., Collaboration Co., Ltd. and Neo Trend Tech Corporation and as of and for the year ended December 31, 2021 of Genesis Technology Inc., Collaboration Co., Ltd., Neo Trend Tech Corporation and CKmates International Co., Ltd., which investments were accounted for using the equity method in the accompanying consolidated financial statements. The aggregate carrying amounts of which investments accounted for using the equity method were \$1,350,604 thousand and \$1,334,848 thousand, respectively, or 4.52% and 5.03%, respectively, of the consolidated assets as of December 31, 2022 and 2021. The aggregate amounts of the share in their profit (loss) and other comprehensive income (loss) in 2022 and 2021 were \$99,908 thousand and \$(31,363) thousand, respectively, or 6.16% and (2.51%), respectively, of the consolidated comprehensive income. The financial statements of the aforementioned subsidiaries and investees were audited by other auditors whose reports have been provided to us, and our opinion, insofar as it relates to the amounts included for these subsidiaries and investees, is based solely on the reports of the other auditors.

We have also audited the parent company only financial statements of Systex Corporation as of and for the years ended December 31, 2022 and 2021 on which we have both issued an unmodified report with other matter paragraph.

## **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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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



5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Shu-Wan Lin and Cheng-Hung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 22, 2023

Notice to Readers

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

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

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,331,378	14	\$ 4,068,254	15
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,558,493	12	4,564,229	17
Notes receivable, net (Notes 4, 11 and 21)	169,558	1	92,840	1
Accounts receivable, net (Notes 4, 5, 11, 21 and 30)	6,176,067	21	4,763,234	18
Other receivables (Notes 4 and 23)	113,535	-	87,687	-
Inventories (Notes 4 and 12)	4,793,534	16	3,250,755	12
Prepayments	1,689,672	6	1,754,766	7
Non-current assets held for sale (Notes 4 and 15)	298	-	298	-
Other financial assets - current (Notes 31 and 32)	474,863	2	241,079	1
Refundable deposits - current	400,715	1	404,210	2
Other current assets (Note 30)	45,012	-	45,670	-
Total current assets	<u>21,753,125</u>	<u>73</u>	<u>19,273,022</u>	<u>73</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	2,040,928	7	1,700,303	6
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	342,633	1	301,551	1
Financial assets at amortized cost - non-current (Notes 4, 9 and 10)	500,000	2	500,000	2
Investments accounted for using equity method (Notes 4 and 14)	1,963,914	7	1,781,833	7
Property, plant and equipment (Notes 4, 15 and 31)	2,212,298	7	2,088,417	8
Right-of-use assets (Notes 4 and 16)	325,968	1	276,655	1
Intangible assets (Note 4)	329,033	1	136,147	-
Deferred tax assets (Notes 4 and 23)	62,776	-	60,848	-
Refundable deposits - non-current	231,197	1	234,075	1
Long-term receivables (Notes 4 and 11)	7,154	-	12,906	-
Other financial assets - non-current (Notes 31 and 32)	86,508	-	143,501	1
Other non-current assets (Notes 19 and 30)	44,209	-	50,932	-
Total non-current assets	<u>8,146,618</u>	<u>27</u>	<u>7,287,168</u>	<u>27</u>
<b>TOTAL</b>	<u>\$ 29,899,743</u>	<u>100</u>	<u>\$ 26,560,190</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Notes 17 and 31)	\$ 1,850,314	6	\$ 1,253,994	5
Contract liabilities (Notes 4 and 21)	2,438,375	8	1,545,903	6
Notes and accounts payable	5,169,823	17	4,319,605	16
Payable to related parties (Note 30)	23,873	-	21,776	-
Other payables (Note 30)	1,663,560	6	1,496,836	6
Current tax liabilities (Notes 4 and 23)	175,744	1	125,443	-
Lease liabilities - current (Notes 4 and 16)	138,424	1	134,442	1
Current portion of long-term borrowings payable (Notes 17 and 31)	10,120	-	5,893	-
Other current liabilities	386,096	1	355,965	1
Total current liabilities	<u>11,856,329</u>	<u>40</u>	<u>9,259,857</u>	<u>35</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Note 18)	2,995,420	10	2,994,442	11
Long-term borrowings (Notes 17 and 31)	104,527	-	87,578	-
Deferred tax liabilities (Notes 4 and 23)	6,859	-	6,084	-
Lease liabilities - non-current (Notes 4 and 16)	194,150	1	146,168	1
Net defined benefit liabilities - non-current (Notes 4 and 19)	129,055	-	249,455	1
Other non-current liabilities	5,594	-	5,439	-
Total non-current liabilities	<u>3,435,605</u>	<u>11</u>	<u>3,489,166</u>	<u>13</u>
Total liabilities	<u>15,291,934</u>	<u>51</u>	<u>12,749,023</u>	<u>48</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4, 20 and 25)</b>				
Share capital	2,723,333	9	2,693,933	10
Capital surplus	6,874,231	23	6,606,321	25
Retained earnings				
Legal reserve	1,576,153	5	1,457,250	5
Special reserve	729,124	3	768,711	3
Unappropriated earnings	3,573,220	12	3,634,691	14
Total retained earnings	5,878,497	20	5,860,652	22
Other equity	(479,457)	(2)	(729,124)	(3)
Treasury shares	(928,443)	(3)	(928,443)	(3)
Total equity attributable to owners of the Corporation	14,068,161	47	13,503,339	51
<b>NON-CONTROLLING INTERESTS (Notes 20 and 27)</b>	539,648	2	307,828	1
Total equity	<u>14,607,809</u>	<u>49</u>	<u>13,811,167</u>	<u>52</u>
<b>TOTAL</b>	<u>\$ 29,899,743</u>	<u>100</u>	<u>\$ 26,560,190</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 21 and 30)				
Sales	\$ 26,334,927	79	\$ 22,900,941	77
Less: Sales returns and allowances	<u>63,840</u>	-	<u>96,887</u>	-
Net sales	26,271,087	79	22,804,054	77
Service revenue	6,788,997	21	6,659,187	23
Other operating revenue	<u>68,768</u>	-	<u>63,716</u>	-
Total operating revenues	<u>33,128,852</u>	<u>100</u>	<u>29,526,957</u>	<u>100</u>
OPERATING COSTS (Notes 4, 12, 22 and 30)				
Cost of goods sold	22,848,789	69	19,745,444	67
Service cost	2,929,139	9	3,110,939	10
Other operating cost	<u>11,272</u>	-	<u>15,188</u>	-
Total operating costs	<u>25,789,200</u>	<u>78</u>	<u>22,871,571</u>	<u>77</u>
GROSS PROFIT	<u>7,339,652</u>	<u>22</u>	<u>6,655,386</u>	<u>23</u>
OPERATING EXPENSES (Notes 11, 19, 22, 25 and 30)				
Selling expenses	4,940,598	15	4,417,709	15
General and administrative expenses	630,226	2	597,452	2
Research and development expenses	518,721	1	478,731	2
Expected credit (gain) loss	<u>(7,187)</u>	-	<u>28,042</u>	-
Total operating expenses	<u>6,082,358</u>	<u>18</u>	<u>5,521,934</u>	<u>19</u>
PROFIT FROM OPERATIONS	<u>1,257,294</u>	<u>4</u>	<u>1,133,452</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of associates (Notes 4 and 14)	72,366	-	71,580	-
Interest income (Note 4)	39,462	-	28,279	-
Dividend income (Note 4)	67,501	-	50,163	-
Other income, net (Note 30)	57,724	-	54,827	-
Gain on disposal of property, plant and equipment, net (Notes 4 and 30)	3,025	-	5,624	-
Gain on sale of investments, net (Note 22)	8,148	-	43,877	-
Gain on sale of non-current assets held for sale	-	-	909	-
Foreign exchange gain, net (Notes 4 and 34)	31,966	-	16,757	-
Gain on financial assets at fair value through profit or loss, net (Note 4)	32,631	-	283,650	1
Interest expense	(80,642)	-	(44,448)	-
Other expenses	(14,049)	-	(23,270)	-

(Continued)

## SYSTEX CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
Loss on disposal of intangible assets (Note 4)	\$ (6,937)	-	\$ (2,116)	-
Impairment loss on assets (Notes 4, 14 and 22)	<u>(75,425)</u>	<u>-</u>	<u>(167,669)</u>	<u>-</u>
Total non-operating income and expenses	<u>135,770</u>	<u>-</u>	<u>318,163</u>	<u>1</u>
INCOME BEFORE INCOME TAX	1,393,064	4	1,451,615	5
INCOME TAX EXPENSE (Notes 4 and 23)	<u>264,709</u>	<u>1</u>	<u>228,519</u>	<u>1</u>
NET INCOME	<u>1,128,355</u>	<u>3</u>	<u>1,223,096</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	59,036	-	(35,988)	-
Unrealized gain on equity instruments at fair value through other comprehensive income	4,655	-	201,132	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	6,491	-	(29,165)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 23)	<u>(2,986)</u>	<u>-</u>	<u>3,783</u>	<u>-</u>
	<u>67,196</u>	<u>-</u>	<u>139,762</u>	<u>-</u>
Items that may be reclassified subsequently to profit:				
Exchange differences on translating foreign operations	404,748	2	(111,270)	-
Share of the other comprehensive loss of associates accounted for using the equity method	<u>21,612</u>	<u>-</u>	<u>(873)</u>	<u>-</u>
	<u>426,360</u>	<u>2</u>	<u>(112,143)</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>493,556</u>	<u>2</u>	<u>27,619</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,621,911</u>	<u>5</u>	<u>\$ 1,250,715</u>	<u>4</u>

(Continued)

## SYSTEX CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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

	2022		2021	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,091,229	3	\$ 1,213,916	4
Non-controlling interests	<u>37,126</u>	<u>-</u>	<u>9,180</u>	<u>-</u>
	<u>\$ 1,128,355</u>	<u>3</u>	<u>\$ 1,223,096</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 1,578,266	5	\$ 1,243,277	4
Non-controlling interests	<u>43,645</u>	<u>-</u>	<u>7,438</u>	<u>-</u>
	<u>\$ 1,621,911</u>	<u>5</u>	<u>\$ 1,250,715</u>	<u>4</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 4.40</u>		<u>\$ 4.90</u>	
Diluted	<u>\$ 4.39</u>		<u>\$ 4.88</u>	

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

(Concluded)

**SYSTEMX CORPORATION AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Dividends Per Share in New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation (Notes 4 and 20)												
	Retained Earnings					Other Equity							
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of Foreign Operations	Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Employee Benefits	Treasury Shares	Total	Non-controlling Interests (Note 20)	Total Equity
BALANCE AT JANUARY 1, 2021	\$ 2,693,933	\$ 6,493,756	\$ 1,300,634	\$ 579,466	\$ 4,138,488	\$ 6,018,588	\$ (581,485)	\$ (187,226)	\$ -	\$ (928,443)	\$ 13,509,123	\$ 140,324	\$ 13,649,447
Appropriation of 2020 earnings	-	-	156,616	-	(156,616)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	189,245	(189,245)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	(1,346,967)	(1,346,967)	-	-	-	-	(1,346,967)	-	(1,346,967)
Cash dividends - NT\$5 per share	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of changes in associates accounted for using the equity method	-	5,202	-	-	-	-	-	-	-	-	5,202	1,191	6,393
Net income for 2021	-	-	-	-	1,213,916	1,213,916	-	-	-	-	1,213,916	9,180	1,223,096
Other comprehensive (loss) income for 2021	-	-	-	-	(32,075)	(32,075)	(110,531)	171,967	-	-	29,361	(1,742)	27,619
Total comprehensive income (loss) for 2021	-	-	-	-	1,181,841	1,181,841	(110,531)	171,967	-	-	1,243,277	7,438	1,250,715
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049	-	107,049
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	1,831	-	-	(14,659)	(14,659)	-	-	-	-	(12,828)	14,477	1,649
Share of changes in equities of subsidiaries	-	(1,517)	-	-	-	-	-	-	-	-	(1,517)	1,517	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	142,881	142,881
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	21,849	21,849	-	(21,849)	-	-	-	-	-
BALANCE AT DECEMBER 31, 2021	2,693,933	6,606,321	1,457,250	768,711	3,634,691	5,869,652	(692,016)	(37,108)	-	(928,443)	13,503,339	307,828	13,811,167
Appropriation of 2021 earnings	-	-	118,903	-	(118,903)	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	(1,131,452)	(1,131,452)	-	-	-	-	(1,131,452)	-	(1,131,452)
Cash dividends - NT\$4.2 per share	-	-	-	(39,587)	39,587	-	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of changes in associates accounted for using the equity method	-	2,914	-	-	-	-	-	-	-	-	2,914	-	2,914
Distribution in cash of the capital surplus - NT\$0.8 per share	-	(215,515)	-	-	-	-	-	-	-	-	(215,515)	-	(215,515)
Net income for 2022	-	-	-	-	1,091,229	1,091,229	-	-	-	-	1,091,229	37,126	1,128,355
Other comprehensive income for 2022	-	-	-	-	56,217	56,217	419,893	10,927	-	-	487,037	6,519	493,556
Total comprehensive income for 2022	-	-	-	-	1,147,446	1,147,446	419,893	10,927	-	-	1,578,266	43,645	1,621,911
Share-based payment transaction - restricted shares for employees	30,000	188,966	-	-	-	-	-	-	(175,720)	-	43,246	334	43,580
Share-based payment transaction - cancellation of restricted shares for employees	(600)	(3,786)	-	-	-	-	-	-	4,386	-	-	-	-
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049	-	107,049
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	192,120	-	-	(7,968)	(7,968)	-	-	-	-	184,152	45,937	230,089
Share of changes in equities of subsidiaries	-	(3,838)	-	-	-	-	-	-	-	-	(3,838)	3,838	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	138,066	138,066
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	9,819	9,819	-	(9,819)	-	-	-	-	-
BALANCE AT DECEMBER 31, 2022	2,723,333	6,874,231	1,576,153	729,124	3,573,220	5,878,497	(272,123)	(36,000)	(171,334)	(928,443)	14,068,161	539,648	14,607,809

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche auditors' report dated February 22, 2023)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,393,064	\$ 1,451,615
Adjustments for:		
Depreciation expense	344,515	297,453
Amortization expense	45,722	49,377
Expected credit loss (reversed) recognized	(7,187)	28,042
Gain on financial assets at fair value through profit or loss, net	(32,631)	(283,650)
Compensation cost of share-based payment	43,580	-
Interest expense	80,642	44,448
Interest income	(39,462)	(28,279)
Dividend income	(67,501)	(50,163)
Share of profit of associates	(72,366)	(71,580)
Gain on disposal of property, plant and equipment, net	(3,025)	(5,624)
Loss on disposal of intangible assets	6,937	2,116
Gain on disposal of non-current assets held for sale	-	(909)
Impairment loss on financial assets	49,498	69,873
Impairment loss on non-financial assets	25,927	97,796
(Reversal of) write-down of inventories	(6,209)	48,052
Unrealized loss on foreign currency exchange, net	769	69
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	719,987	(1,185,304)
Notes receivable	(78,259)	(39,955)
Accounts receivable	(1,368,937)	(661,255)
Other receivables	(26,232)	(64,539)
Inventories	(1,529,215)	37,622
Prepayments	113,294	(519,581)
Other current assets	486	19,642
Contract liabilities	761,211	62,117
Notes and accounts payable	866,794	558,228
Payables to related parties	2,097	(63,602)
Other payables	159,499	24,568
Other current liabilities	29,290	120,150
Net defined benefit liabilities	(61,364)	(45,177)
Cash generated from (used in) operations	1,350,924	(108,450)
Interest paid	(80,494)	(44,342)
Income tax paid	(220,994)	(242,719)
Net cash generated from (used in) operating activities	<u>1,049,436</u>	<u>(395,511)</u>

(Continued)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ (307,790)	\$ (302,874)
Disposal of financial assets at fair value through other comprehensive income	222,922	212,449
Capital reduction of financial assets at fair value through other comprehensive income	73,211	889
Acquisition of investments accounted for using the equity method	(196,037)	(727,865)
Net cash outflow on acquisition of subsidiaries (Note 26)	(66,196)	(58,890)
Proceeds from disposal of non-current assets held for sale	-	15,865
Payments for property, plant and equipment	(211,616)	(121,257)
Proceeds from disposal of property, plant and equipment	23,314	25,334
Decrease (increase) in refundable deposits	11,459	(116,214)
Payments for intangible assets	(113,360)	(83,927)
Proceeds from disposal of intangible assets	686	5
Decrease (increase) in long-term receivables	5,752	(4,942)
Increase in pledged time deposits	(176,791)	(56,004)
Decrease in other non-current assets	15,020	11,366
Interest received	38,101	28,357
Dividends received	67,501	50,163
Dividends received from associates	<u>67,841</u>	<u>36,286</u>
Net cash used in investing activities	<u>(545,983)</u>	<u>(1,091,259)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	581,110	431,618
Proceeds from issuance of corporate bonds	-	2,994,218
Repayment of long-term borrowings	(7,615)	(13,718)
Increase (decrease) in guarantee deposits received	155	(3,086)
Repayment of the principal portion of lease liabilities	(193,062)	(165,157)
Dividends paid	(1,131,452)	(1,346,967)
Acquisition of interests in subsidiaries	(68,400)	(44,800)
Partial disposal of interests in subsidiaries without a loss of control	299,025	46,449
Changes in non-controlling interests	25,295	38,370
Cash dividends received by subsidiaries from the Corporation	107,049	107,049
Distribution in cash from capital surplus	<u>(215,515)</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(603,410)</u>	<u>2,043,976</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>363,081</u>	<u>(78,956)</u>
		(Continued)



## SYSTEX CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

---

	<b>2022</b>	<b>2021</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 263,124	\$ 478,250
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,068,254</u>	<u>3,590,004</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,331,378</u>	<u>\$ 4,068,254</u>

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

(Concluded)

# SYSTEX CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

---

### 1. GENERAL INFORMATION

System Corporation (the “Corporation”) was incorporated on January 7, 1997 under the provision of the Company Act of the Republic of China and other laws and regulations. The Corporation is mainly engaged in sales and leases of computer software and related equipment, transmission and security of value-added network, maintenance of database, and consultation.

The Corporation’s shares had been traded on Emerging Stock Market since April 10, 2002 and Taipei Exchange since January 6, 2003. On December 30, 2010, the Corporation has changed the listing and trading of its shares to the Taiwan Stock Exchange.

The consolidated financial statements of the Corporation and its subsidiaries (collectively referred to as the “Group”) are presented in the Corporation’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on February 22, 2023.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

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

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

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

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

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

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

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

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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 and IFRSs as endorsed and issued into effect by the FSC.

- b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
  - 3) Level 3 inputs are unobservable inputs for the asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 2) Liabilities for which the Group does not have an unconditional right to defer settlement 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 the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the consolidated financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 13, Tables 9 and 10 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

The Group does not apply the acquisition method for business combinations under the group restructurings. The transaction is accounted for applying the book-value method at the date of the acquisition and comparative information of the prior period in the consolidated financial statements is restated as if the acquisition had already occurred.

f. Foreign currencies

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

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

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries and associates in other countries that use currency different from the currency of the Corporation) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income attributed to the owners of the Corporation and non-controlling interests as appropriate.

On the disposal of a foreign operation (i.e., a disposal of the Corporation's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories are stated at the lower of cost (monthly weighted average) or net realizable value. Net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale.

h. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

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

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

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

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

The Group discontinues the use of the equity method from the date on which it ceases to have significant influence. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

i. Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

j. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

k. Goodwill

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

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

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

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

## l. Intangible assets

### 1) Intangible assets acquired separately

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

### 2) Intangible assets acquired in a business combination

Intangible assets (technological expertise and client relationship) acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

### 3) Derecognition of intangible assets

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

## m. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

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

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

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

## n. Financial instruments

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

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



## 1) Financial assets

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

### a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at fair value through other comprehensive income (“FVTOCI”).

#### i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset.

#### ii. Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses ("ECLs") on financial assets at amortized cost (including accounts receivable) and lease receivables.

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

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

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

c) Derecognition of financial assets

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

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

## 2) Equity instruments

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

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

## 3) Financial liabilities

### a) Subsequent measurement

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

### b) Derecognition of financial liabilities

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

## o. Revenue recognition

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

Sales revenue comes from sales of computer hardware and software. Sales of computer hardware and software are recognized as revenue when the goods are delivered to the customers and the customers have full discretion over the price to sell the goods, rights to use the goods, and bears the risks of obsolescence. Accounts receivable are recognized concurrently. The transaction price received under the conditions of a contract is recognized as a contract liability until the goods have been delivered to the customer.

Service revenue comes from maintenance of computer software and hardware, value-added network services and related consultation. As the Group provides services, customers simultaneously receive and consume the benefits provided by the Group's performance. Consequently, the related revenue is recognized when services are rendered. Service revenue other than stated above is recognized when services have been completed.

Other operating revenue is mainly comprised of rental revenue on leases of computer equipment, which is recognized over the term of the lease.

## p. Leases

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

## 1) The Group as lessor

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

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

## 2) The Group as lessee

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

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

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

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

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

The Group negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, and no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

r. Share-based payment arrangements

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefits.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus-restricted shares for employees. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in retained earnings.

At the end of each reporting period, the Group revises its estimate of the number of restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

s. Taxation

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

1) Current tax

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

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

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

## 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and the corresponding tax bases used in the computation of taxable profit. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for investments to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

## 3) Current and deferred tax

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

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

The Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

### Valuation of Receivables

The valuation of receivables is based on assumptions about rates of default and expected loss. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment valuation, based on the Group's historical experience, existing market conditions and forward-looking estimates. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 714	\$ 590
Checking accounts and demand deposits	3,590,352	4,067,664
Cash equivalents		
Time deposits with original maturities of less than 3 months	<u>740,312</u>	<u>-</u>
	<u>\$ 4,331,378</u>	<u>\$ 4,068,254</u>
Market interest rate interval		
Time deposits with original maturities of less than 3 months	3.78%-5.05%	-

## 7. FINANCIAL ASSETS AT FVTPL

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Current</u>		
Financial assets mandatorily classified as at FVTPL		
Mutual funds	\$ 3,346,134	\$ 4,412,309
Listed shares	<u>212,359</u>	<u>151,920</u>
	<u>\$ 3,558,493</u>	<u>\$ 4,564,229</u>
<u>Non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Unlisted shares	\$ 1,840,404	\$ 1,502,631
Unlisted preferred shares	85,734	96,020
Others	<u>114,790</u>	<u>101,652</u>
	<u>\$ 2,040,928</u>	<u>\$ 1,700,303</u>

## 8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Investments in equity instruments		
Unlisted shares	\$ 252,335	\$ 250,066
Unlisted preferred shares	57,121	51,485
Listed shares	<u>33,177</u>	<u>-</u>
	<u>\$ 342,633</u>	<u>\$ 301,551</u>

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

For the years ended December 31, 2022 and 2021, the Group sold part of investment at fair value because of investment strategy and its related unrealized valuation gain (loss) of \$9,819 thousand and \$(40,594) thousand, respectively, were transferred from other equity to retained earnings.

In the first quarter of 2021, the Group increased its interests in Genesis Technology Inc. (Genesis) and achieved significant influence over Genesis; therefore, investment in Genesis was reclassified from financial assets at FVTOCI to investments accounted for using the equity method in the amount of \$664,687 thousand, and its related unrealized valuation gain of \$62,443 thousand was transferred from other equity to retained earnings.

## 9. FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Domestic corporate bonds	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Interest rate	3.5%	3.5%

## 10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments - non-current were classified as at amortized cost.

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Gross carrying amount	\$ 500,000	\$ 500,000
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 500,000</u>	<u>\$ 500,000</u>

The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.



The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount at December 31	
				2022	2021
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECL	0%	\$ 500,000	\$ 500,000

#### 11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND LONG-TERM RECEIVABLES, NET

	December 31	
	2022	2021
Notes receivable	\$ 169,730	\$ 93,071
Less: Allowance for doubtful accounts	<u>(172)</u>	<u>(231)</u>
	<u>\$ 169,558</u>	<u>\$ 92,840</u>
Accounts receivable	\$ 6,413,005	\$ 4,973,420
Less: Allowance for doubtful accounts	<u>(236,938)</u>	<u>(210,186)</u>
	<u>\$ 6,176,067</u>	<u>\$ 4,763,234</u>
Long-term receivables	\$ 7,516	\$ 13,777
Less: Unrealized interest income	<u>(362)</u>	<u>(871)</u>
	<u>\$ 7,154</u>	<u>\$ 12,906</u>

The average credit period of receivables was 60 to 90 days. The Group delegated a department responsible for managing receivables, establishing credit limits, credit approvals and other monitoring procedures to ensure the profitability of the Group.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all receivables. The expected credit losses on receivables are estimated using a provision matrix by reference to the past default records of the debtor, the debtor's current financial position, economic condition of the industry in which the debtor operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of receivables based on the Group's provision matrix:

December 31, 2022

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	181 to 270 Days Past Due	Over 270 Days Past Due	Total
Gross carrying amount	\$ 5,784,922	\$ 424,694	\$ 113,468	\$ 20,288	\$ 239,363	\$ 6,582,735
Loss allowance (Lifetime ECL)	<u>(2,095)</u>	<u>(3,550)</u>	<u>(3,140)</u>	<u>(4,975)</u>	<u>(223,350)</u>	<u>(237,110)</u>
Amortized cost	<u>\$ 5,782,827</u>	<u>\$ 421,144</u>	<u>\$ 110,328</u>	<u>\$ 15,313</u>	<u>\$ 16,013</u>	<u>\$ 6,345,625</u>

December 31, 2021

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	181 to 270 Days Past Due	Over 270 Days Past Due	Total
Gross carrying amount	\$ 4,365,783	\$ 328,318	\$ 106,096	\$ 44,462	\$ 221,832	\$ 5,066,491
Loss allowance (Lifetime ECL)	<u>(6,470)</u>	<u>(2,023)</u>	<u>(7,913)</u>	<u>(2,661)</u>	<u>(191,350)</u>	<u>(210,417)</u>
Amortized cost	<u>\$ 4,359,313</u>	<u>\$ 326,295</u>	<u>\$ 98,183</u>	<u>\$ 41,801</u>	<u>\$ 30,482</u>	<u>\$ 4,856,074</u>

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

	2022	2021
Balance at January 1	\$ 210,417	\$ 182,641
Net remeasurement of loss allowance	(7,187)	28,042
Acquisition of subsidiaries	32,084	871
Amount written off	(1,320)	(226)
Foreign exchange gains and losses	<u>3,116</u>	<u>(911)</u>
Balance at December 31	<u>\$ 237,110</u>	<u>\$ 210,417</u>

**12. INVENTORIES**

	<u>December 31</u>	
	2022	2021
Merchandise	\$ 4,764,848	\$ 3,223,794
Maintenance parts	<u>28,686</u>	<u>26,961</u>
	<u>\$ 4,793,534</u>	<u>\$ 3,250,755</u>
	<b><u>For the Year Ended December 31</u></b>	
	2022	2021
Reversal of (write-down) of inventory (recognized as cost of goods sold)	<u>\$ 6,209</u>	<u>\$ (48,052)</u>

Reversal of (write-down) of inventory is mainly due to the increase (decrease) in net realizable value.

### 13. SUBSIDIARIES

#### Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Main Business	% of Ownership		Remark
			2022	2021	
The Corporation	Concord System Management Corporation (CSMC)	Design, assessment and planning of computer system and application software and data-processing system, sale and lease of computer hardware, peripheral equipment and spare parts, and repairs and maintenance services	100.00	100.00	
The Corporation	System Capital Group, Inc. (SCGI)	Investment activities including financial trust and holding	100.00	100.00	
The Corporation	Hanmore Investment Corporation (Hanmore)	General investment activities	48.92	48.92	a
The Corporation	System Software & Service Corporation (SSSC)	Sale and development of computer software, data-processing services	100.00	100.00	
The Corporation	Golden Bridge Corporation (GBC)	General investment activities	100.00	100.00	
The Corporation	Taifon Computer Co., Ltd. (Taifon)	Design of computer hardware and software equipment system, computer room installation, and maintenance, sale, lease and consultation	100.00	100.00	
The Corporation	Ching Pu Investment Corporation (Ching Pu)	General investment activities	100.00	100.00	
The Corporation	Kimo.com (BVI) Corporation (Kimo BVI)	Investment activities including financial trust and holding	100.00	100.00	
The Corporation, Ching Pu and GBC	Syspower Corporation (Syspower)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	84.07	84.07	
The Corporation	Nexsys Corporation (Nexsys)	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	70.00	100.00	b
The Corporation	System Solutions Corporation (System Solutions)	Design, construction and sale of telecom instrument, electronic calculator and computer	100.00	100.00	
The Corporation	Etu Corporation (Etu)	Software design and data processing, retailing and service of software	-	84.19	c
The Corporation	Naturint Corporation (Naturint)	Installation, sale, information software, data processing and other consultation on computer software and related equipment, network certification and software publication	100.00	100.00	
The Corporation	E-Service Information Corporation (E-Service)	Information software service, intellectual property rights, printing and data storage media manufacturing and copying	100.00	100.00	d
The Corporation	Taiwan Information Service Technology Co., Ltd. (TIST)	Installation, sale, information software, data processing and other consultation on computer software and related equipment	67.38	67.38	d
The Corporation	UniXecure Corporation (UniXecure)	Design, construction and sale of telecom instrument, electronic calculator and computer	100.00	100.00	e
The Corporation	Docutek Solutions, Inc. (Docutek Solutions)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	54.92	-	f
The Corporation	MISYS Corporation (MISYS)	Information software service	100.00	-	g
GBC	Softmobile Technology Corporation (Softmobile)	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	100.00	100.00	

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2022	2021	
Ching Pu	Taiwan Electronic Data Processing Corporation (TEDP)	Design, installation, maintenance, lease and consultation on computer software and hardware equipment system, computer room engineering, network equipment system integration, and wholesale and retailing of medical appliances	69.59	69.59	c
Syspower	Palsys Digital Technology Corporation (Palsys)	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	79.26	92.14	h
CSMC	Top Information Technologies Corporation (Top Information)	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	100.00	100.00	
Docutek Solutions	ANSecurity Inc. (ANSecurity)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	f
ANSecurity	Docutek Services Corporation (Docutek Services)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	f
Kimo BVI	Systex Information (HK) Corporation (Systex HK)	Sale of computer and peripheral equipment, retailing and processing of information of software	100.00	100.00	
Kimo BVI	Sysware Shenglong Information Systems Corporation (Sysware Shenglong)	Design of computer system, information processing service provider, retailing of computer and peripheral equipment	100.00	100.00	
Kimo BVI	Systek Information (Shanghai) Corporation (Systek)	Sale of computer and peripheral equipment, retailing and processing of information software	100.00	100.00	
Kimo BVI	Rainbow Tech Information (HK) Corporation (RTIHK)	Sale of computer and peripheral equipment, retailing and processing of information software	49.00	49.00	i
Kimo BVI	Systex Solutions (HK) Corporation (SSHK)	Investment activities including financial trust and holding	100.00	100.00	
Kimo BVI	Gemini Data (Gemini Data)	IT services, software development, wholesale and retail of computers and related equipment, electronic data processing and related services	100.00	-	j
Kimo BVI and SCGI	Syscore Corporation (Syscore)	General investment activities.	100.00	100.00	
Syscore	Syslink Corporation (Syslink)	General Investment activities	100.00	100.00	
Syscore	Syslong Corporation (Syslong)	General Investment activities	100.00	100.00	k
Syslink	Dawning Technology Inc. (Dawning)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	91.60	74.43	l
Syslink	Syswiser Technology Corporation (Syswiser)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	
Syslink and SSSC	Smartsys Technology Corporation (Smartsys)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	
Systex HK	Systex Group (China) Ltd. (Systex China)	Management consultation, marketing and sale, and capital and operation financial management	100.00	100.00	
Systek	Systex Rainbow Tech Inc. (Systex Rainbow)	Research, development, installation and wholesale of software and hardware technique and internet system	100.00	100.00	
Systex China	Systex Ucom (Shanghai) Information Ltd. Co. (Systex Ucom)	Software design and data processing, retailing and service of software	100.00	100.00	
Systex Rainbow and Systex Ucom	Systex Rainbow (Guangzhou) Tech Inc. (Rainbow Guangzhou)	Research, development, installation and wholesale of software and hardware technique and internet system	100.00	100.00	

(Concluded)

- a. The Group holds a 48.92% interest in Hanmore. The directors of the Corporation considered that the Group has the practical ability to direct the relevant activities of Hanmore and, therefore, has control over Hanmore.

- b. The Corporation disposed of 30% of interest in Nexsys in May 2022 and decreased its interest in Nexsys to 70%.
- c. Etu and TEDP have been under dissolution and liquidation processes after the approval of shareholders in their meeting in December 2020. The Corporation received the refund from the liquidation of Etu in June 2022.
- d. The Corporation held 58.75% interest of E-service in February 2020. The Corporation purchased 41.25% interest of E-service from non-controlling interests in February 2021 and increased its interest in E-service to 100%.

The Corporation held 62.87% interest of TIST in January 2020. The Corporation subscribed for new shares issued by TIST at a percentage different from its original ownership percentage in January 2021 and increased its interest in TIST to 67.38%.

- e. UniXecure was incorporated in December 2021.
- f. The Corporation purchased 54.92% interest of Docutek Solutions in August 2022 and included the accounts in the consolidated financial statements since the acquisition date along with its subsidiaries, ANSecurities and Docutek Services.
- g. MISYS Corporation was incorporated in September 2022.
- h. Syspower subscribed for new shares issued by Palsys at a percentage different from its original ownership percentage in October 2021 and decreased its interest in Palsys to 92.14%. In addition, Syspower subscribed for new shares issued by Palsys at a percentage different from its original ownership percentage in July 2022 and decreased its interest in Palsys to 79.26%.
- i. The board of directors of RTIHK approved to issue new shares in August 2021. Kimo BVI subscribed for new shares of RTIHK at a percentage different from its original ownership percentage and decreased its interest in RTIHK to 85%. Kimo BVI then disposed of 36% interest in RTIHK and decreased its interest in RTIHK to 49%. The directors of the Corporation considered that the Group has the practical ability to direct the relevant activities of RTIHK and, therefore, has control over RTIHK.
- j. Gemini Data was incorporated in January 2022.
- k. Syslong was incorporated in November 2021.
- l. Syslink held 46.67% interest in Dawning in December 2020. Syslink purchased 27.76% interest of Dawning in January 2021 and increased its interest in Dawning to 74.43%; Dawning has been included in the consolidated financial statements since the acquisition date. In addition, Syslink purchased 14.40% interest of Dawning from non-controlling shareholders in March 2022 and increased its interest in Dawning to 88.83%. In May 2022, Dawning issued new shares, and the Corporation and Syslink subscribed for new shares of Dawning at a percentage different from their original ownership percentage, and increased its interest in Dawning to 91.6%. In December 2022, the Corporation transferred all of its 20.11% interest of Dawning to Syslink. As the transaction was under common control, no gain or loss on disposal was recognized, and the transaction cost of \$536 thousand was adjusted to reduce the related capital surplus.

All accounts of subsidiaries were included in the consolidated financial statements for the years ended December 31, 2022 and 2021.

## 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Investments in associates	<u>\$ 1,963,914</u>	<u>\$ 1,781,833</u>
Aggregate information of associates:		
	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
The Group's share of:		
Net profit for the year	\$ 72,366	\$ 71,580
Other comprehensive income (loss)	<u>28,103</u>	<u>(30,038)</u>
Total comprehensive income for the year	<u>\$ 100,469</u>	<u>\$ 41,542</u>

In 2022 and 2021, the impairment losses on associates were \$49,498 thousand and \$69,873 thousand, respectively.

Except for Systemweb Technologies Co., Ltd., Neweb Information Co., Ltd., Sanfran Technologies Inc., Fuco Technology Co., Ltd., Retail System Co., Ltd., Mohist Web Technology Co., Ltd., Frog-jump Information Co., Ltd., Shengsen Cloud Technology, Shanghai Mudao Financial Information Service Co., Ltd., FinRobo Advisor Securities Investment Consulting Co., Ltd., Gensys Technology (International) Ltd., Systex Infopro Co., Ltd., AIWin Technology Co., Ltd., CKmates International Co., Ltd., Bao Ruh Electronic Co., Ltd., Sunlight-tech Inc., QFPay Haojin FinTech Limited and Aillumission Co., Ltd. for the year ended December 31, 2022, Systemweb Technologies Co., Ltd., Neweb Information Co., Ltd., Sanfran Technologies Inc., Fuco Technology Co., Ltd., Retail System Co., Ltd., Mohist Web Technology Co., Ltd., Frog-jump Information Co., Ltd., Shengsen Cloud Technology, Shanghai Mudao Financial Information Service Co., Ltd., FinRobo Advisor Securities Investment Consulting Co., Ltd., Gensys Technology (International) Ltd., Systex Infopro Co., Ltd., AIWin Technology Co., Ltd. and Sunlight-tech Inc. for the year ended December 31, 2021, investments accounted for using the equity method and the share of profit or loss and other comprehensive income were calculated based on the financial statements that have been audited. Management believes the financial statements that have not been audited would not have material impact on the investments under the equity method or the share of profit or loss and other comprehensive income in the consolidated financial statements.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computer Equipment	Transportation Equipment	Lease Equipment	Leasehold Improvements	Other Equipment	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 955,504	\$ 1,460,338	\$ 255,084	\$ 14,555	\$ 49,045	\$ 63,503	\$ 85,667	\$ 2,883,696
Additions	-	-	74,035	462	2,968	32,605	24,158	134,228
Disposals	(4,584)	(2,974)	(55,766)	(10,677)	(27,940)	(2,030)	(4,882)	(108,853)
Acquisitions through business combinations	-	-	13,574	-	-	-	-	13,574
Reclassification	-	-	18	-	532	-	-	550
Effect of foreign currency exchange differences	-	(1,320)	(687)	(9)	(11)	(187)	(64)	(2,278)
Balance at December 31, 2021	<u>\$ 950,920</u>	<u>\$ 1,456,044</u>	<u>\$ 286,258</u>	<u>\$ 4,331</u>	<u>\$ 24,594</u>	<u>\$ 93,891</u>	<u>\$ 104,879</u>	<u>\$ 2,920,917</u>

(Continued)

	Land	Buildings	Computer Equipment	Transportation Equipment	Lease Equipment	Leasehold Improvements	Other Equipment	Total
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2021	\$ 7,694	\$ 554,953	\$ 124,979	\$ 9,438	\$ 32,193	\$ 25,089	\$ 30,680	\$ 785,026
Depreciation expense	-	22,912	61,938	1,781	11,203	18,512	17,091	133,437
Disposals	-	(1,927)	(44,370)	(8,230)	(27,940)	(2,030)	(4,646)	(89,143)
Acquisitions through business combinations	-	-	4,260	-	-	-	-	4,260
Reclassification	-	-	15	-	(15)	-	-	-
Effect of foreign currency exchange differences	-	(272)	(572)	(4)	(11)	(90)	(131)	(1,080)
Balance at December 31, 2021	<u>\$ 7,694</u>	<u>\$ 575,666</u>	<u>\$ 146,250</u>	<u>\$ 2,985</u>	<u>\$ 15,430</u>	<u>\$ 41,481</u>	<u>\$ 42,994</u>	<u>\$ 832,500</u>
Carrying amount at December 31, 2021	<u>\$ 943,226</u>	<u>\$ 880,378</u>	<u>\$ 140,008</u>	<u>\$ 1,346</u>	<u>\$ 9,164</u>	<u>\$ 52,410</u>	<u>\$ 61,885</u>	<u>\$ 2,088,417</u>
<b>Cost</b>								
Balance at January 1, 2022	\$ 950,920	\$ 1,456,044	\$ 286,258	\$ 4,331	\$ 24,594	\$ 93,891	\$ 104,879	\$ 2,920,917
Additions	-	-	137,734	-	14,930	22,969	35,983	211,616
Disposals	(12,667)	(7,240)	(20,687)	-	(4,980)	(2,797)	(998)	(49,369)
Acquisitions through business combinations	78,188	14,182	7,236	-	-	2,143	705	102,454
Reclassification	-	-	(6,604)	-	489	-	-	(6,115)
Effect of foreign currency exchange differences	-	4,131	2,044	25	33	603	200	7,036
Balance at December 31, 2022	<u>\$ 1,016,441</u>	<u>\$ 1,467,117</u>	<u>\$ 405,981</u>	<u>\$ 4,356</u>	<u>\$ 35,066</u>	<u>\$ 116,809</u>	<u>\$ 140,769</u>	<u>\$ 3,186,539</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2022	\$ 7,694	\$ 575,666	\$ 146,250	\$ 2,985	\$ 15,430	\$ 41,481	\$ 42,994	\$ 832,500
Depreciation expense	-	23,052	73,965	776	7,833	20,565	22,765	148,956
Disposals	-	(3,373)	(17,490)	-	(4,980)	(2,241)	(996)	(29,080)
Impairment loss	-	-	5,410	-	-	-	3,311	8,721
Acquisitions through business combinations	-	2,411	5,835	-	-	2,143	515	10,904
Reclassification	-	-	(1,145)	-	(8)	-	-	(1,153)
Effect of foreign currency exchange differences	-	1,118	1,705	15	33	389	133	3,393
Balance at December 31, 2022	<u>\$ 7,694</u>	<u>\$ 598,874</u>	<u>\$ 214,530</u>	<u>\$ 3,776</u>	<u>\$ 18,308</u>	<u>\$ 62,337</u>	<u>\$ 68,722</u>	<u>\$ 974,241</u>
Carrying amount at December 31, 2022	<u>\$ 1,008,747</u>	<u>\$ 868,243</u>	<u>\$ 191,451</u>	<u>\$ 580</u>	<u>\$ 16,758</u>	<u>\$ 54,472</u>	<u>\$ 72,047</u>	<u>\$ 2,212,298</u>

(Concluded)

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

Buildings	19-60 years
Computer equipment and other equipment	3-7 years
Transportation equipment	5-6 years
Lease equipment	2-5 years
Leasehold improvements	2-5 years

As certain computer equipment and other equipment for operational use were unavailable, which resulted in a decrease in the estimated future cash flows, the Group recognized an impairment loss of \$8,721 thousand for the year ended December 31, 2022.

As described in Note 13, TEDP, subsidiary of the Group, was dissolved in December 2020 by the resolution of the shareholders' meeting. Since TEDP intends to dispose of its land and buildings, those land and buildings were reclassified as non-current assets held for sale, and were presented separately in the Group's consolidated balance sheets. The proceeds from disposal were expected to exceed the carrying amount of the related net assets and, accordingly, no impairment loss was recognized in the Group's consolidated comprehensive income statement.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 31.

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Buildings	\$ 288,171	\$ 219,158
Machinery	30,898	53,592
Transportation equipment	<u>6,899</u>	<u>3,905</u>
	<u>\$ 325,968</u>	<u>\$ 276,655</u>
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Additions to right-of-use assets	<u>\$ 267,621</u>	<u>\$ 154,165</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 159,829	\$ 127,080
Machinery	33,003	36,042
Transportation equipment	<u>2,727</u>	<u>894</u>
	<u>\$ 195,559</u>	<u>\$ 164,016</u>

Except for the additions and depreciation expenses disclosed above, the right-of-use assets of the Group had no material sublease agreement or impairment for the years ended December 31, 2022 and 2021.

### b. Lease liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amounts</u>		
Current	<u>\$ 138,424</u>	<u>\$ 134,442</u>
Non-current	<u>\$ 194,150</u>	<u>\$ 146,168</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Buildings	1.00%-5.00%	1.00%-5.00%
Machinery	1.00%-1.25%	1.00%-1.25%
Transportation equipment	1.00%-1.22%	1.00%-1.25%

### c. Material leasing activities and terms

The Group leases buildings for the use of offices and machinery and transportation equipment for the use of operation with lease terms of 1 to 7 years. The Group does not have bargain purchase options to acquire the leasehold buildings and equipment at the end of the lease terms.



d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases and low-value asset leases	\$ 34,113	\$ 55,778
Total cash outflow for leases	<u>\$ 231,784</u>	<u>\$ 224,491</u>

The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases, which qualify as short-term leases and low-value asset leases.

The amount of lease commitments for which the recognition exemption is applied were \$17,130 thousand and \$17,365 thousand, respectively, as of December 31, 2022 and 2021.

## 17. BANK LOANS

a. Short-term loans

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured loans	\$ 1,419,640	\$ 886,270
Secured loans		
Bank secured loans	430,114	367,724
Leasing company's inventory sales and repurchase financing	<u>560</u>	<u>-</u>
	<u>\$ 1,850,314</u>	<u>\$ 1,253,994</u>
Annual interest rate		
Unsecured loans	1.37%-2.82%	1.00%-1.90%
Secured loans		
Bank secured loans	3.70%-4.00%	4.00%
Leasing company's inventory sales and repurchase financing	1.03%	-

The chairman of Palsys is the joint guarantor of the above leasing company's inventory sales and repurchase financing.

Refer to Note 31 for the carrying amounts of property, plant and equipment - land and buildings provided as collaterals for the above secured bank loans.

b. Long-term loans

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Secured loans	\$ 114,647	\$ 93,471
Less: Current portion	<u>(10,120)</u>	<u>(5,893)</u>
	<u>\$ 104,527</u>	<u>\$ 87,578</u>
Annual interest rate	1.40%-2.31%	1.40%-1.68%

Refer to Note 31 for the carrying amounts of property, plant and equipment - land and buildings provided as collaterals for the above secured bank loans.

## 18. BONDS PAYABLE

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Unsecured domestic bonds	\$ 3,000,000	\$ 3,000,000
Less: Discount on bonds payable	<u>(4,580)</u>	<u>(5,558)</u>
	<u>\$ 2,995,420</u>	<u>\$ 2,994,442</u>

In September 2021, the Corporation issued 3,000 units (each unit at par value of \$1,000 thousand), 0.82% NTD-denominated unsecured bonds, in an aggregate principal amount of \$3,000,000 thousand. The five-year bonds will mature in September 2026. Interest is paid annually and the principal will be repaid in full on the maturity date. The funds raised by the issuance of bonds will be used to repay the bank loan and replenish the working capital.

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

The employees of Systex HK, RTIHK, Systek, Sysware Shenglong, Systex Rainbow, Systex China, Systex Ucom and Rainbow Guangzhou are members of state-managed retirement benefit plans operated by the governments of their respective jurisdictions. The subsidiaries are required to contribute specific percentages of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

### b. Defined benefit plans

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 604,988	\$ 681,495
Fair value of plan assets	<u>(478,612)</u>	<u>(432,040)</u>
	<u>\$ 126,376</u>	<u>\$ 249,455</u>
Net defined benefit liability	\$ 129,055	\$ 249,455
Net defined benefit assets (recognized as other non-current assets)	<u>(2,679)</u>	<u>-</u>
	<u>\$ 126,376</u>	<u>\$ 249,455</u>

Movements in net defined benefit liability were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2021	\$ 678,430	\$ (419,786)	\$ 258,644
Service cost			
Current service cost	1,905	-	1,905
Net interest expense (income)	<u>2,274</u>	<u>(1,441)</u>	<u>833</u>
Recognized in profit or loss	<u>4,179</u>	<u>(1,441)</u>	<u>2,738</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,600)	(5,600)
Actuarial loss - changes in demographic assumptions	17,665	-	17,665
Actuarial gain - changes in financial assumptions	(9,204)	-	(9,204)
Actuarial loss - experience adjustments	<u>33,127</u>	<u>-</u>	<u>33,127</u>
Recognized in other comprehensive loss (income)	<u>41,588</u>	<u>(5,600)</u>	<u>35,988</u>
Contributions from the employer	-	(45,700)	(45,700)
Benefits paid	<u>(42,702)</u>	<u>40,487</u>	<u>(2,215)</u>
Balance at December 31, 2021	<u>681,495</u>	<u>(432,040)</u>	<u>249,455</u>
Service cost			
Current service cost	978	-	978
Net interest expense (income)	<u>3,765</u>	<u>(2,544)</u>	<u>1,221</u>
Recognized in profit or loss	<u>4,743</u>	<u>(2,544)</u>	<u>2,199</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(33,058)	(33,058)
Actuarial gain - changes in demographic assumptions	(3,239)	-	(3,239)

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Actuarial gain - changes in financial assumptions	\$ (52,928)	\$ -	\$ (52,928)
Actuarial loss - experience adjustments	<u>30,189</u>	<u>-</u>	<u>30,189</u>
Recognized in other comprehensive loss	<u>(25,978)</u>	<u>(33,058)</u>	<u>(59,036)</u>
Contributions from the employer	-	(66,242)	(66,242)
Benefits paid	<u>(55,272)</u>	<u>55,272</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 604,988</u>	<u>\$ (478,612)</u>	<u>\$ 126,376</u> (Concluded)

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

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates	1.30%-1.55%	0.50%-0.70%
Expected rates of salary increase	1.20%-2.25%	1.20%-2.00%

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates		
0.25%-0.5% increase	<u>\$ (24,386)</u>	<u>\$ (30,553)</u>
0.25%-0.5% decrease	<u>\$ 25,928</u>	<u>\$ 32,642</u>
Expected rates of salary increase		
0.25%-0.5% increase	<u>\$ 25,831</u>	<u>\$ 32,209</u>
0.25%-0.5% decrease	<u>\$ (24,511)</u>	<u>\$ (30,439)</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
The expected contributions to the plan for the next year	<u>\$ 28,374</u>	<u>\$ 47,777</u>
The average duration of the defined benefit obligation	10 years	10 years

## 20. EQUITY

### a. Share capital

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Number of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>
Share capital authorized (par value of \$10 per share)	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Number of shares issued (in thousands)	<u>272,333</u>	<u>269,393</u>
Share capital issued	<u>\$ 2,723,333</u>	<u>\$ 2,693,933</u>

On May 26, 2022, the shareholders in their meeting approved to issue 3,000 thousand shares under a restricted share plan for employees with a total amount of \$30,000 thousand, which was approved by the FSC. On August 3, 2022, the board of directors resolved to issue all shares, please refer to Note 25 for details.

On December 21, 2022, the board of directors resolved to cancel 60 thousand shares that did not meet the vesting conditions (the portion allocated to employees of subsidiaries) with a par value of \$10 and amounting to a total of \$600 thousand, and set December 21, 2022 as the capital reduction record date.

### b. Capital surplus

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>May be used to offset a deficit, distribute as cash dividends, or transfer to share capital (1)</u>		
Issuance of shares	\$ 4,425,972	\$ 4,641,487
The difference between the consideration paid or received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal	193,977	1,858
Donations	544	544
Treasury share transactions	2,052,062	1,945,013
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interest in subsidiaries (2)	2,888	7,060
Share of changes in associates accounted for using the equity method	8,781	5,866
Gain on sale of property, plant and equipment	4,493	4,493

(Continued)

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>May not be used for any purpose</u>		
Employee restricted shares	\$ 185,514	\$ _____ -
	<u>\$ 6,874,231</u>	<u>\$ 6,606,321</u> (Concluded)

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation’s capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in subsidiary resulted from equity transactions other than actual disposal on acquisition, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Corporation’s Articles of Incorporation (“Articles”), where the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation’s board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for the distribution of dividends and bonuses to shareholders, except that the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders’ meeting.

For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 22 c. for details.

For the goal of sustainable operation and development, the Corporation considers the overall environment and the nature of industry growth along with the long-term financial planning, and applies the dividend policy for residual earnings. The Corporation evaluates the annual funding requirements according to its future capital budget and retains the required fund from the earnings, and distributes the residual earnings as follows:

- 1) Determine the optimal capital budget.
- 2) Determine the funding requirements to meet the optimal capital budget.
- 3) Determine the funding requirements to be met by unappropriated earnings (the remaining may be met through capital increase by cash or issuance of bonds).
- 4) The residual earnings, less an appropriate portion for the operation requirements, may be distributed to shareholders.

The Corporation's dividends may be distributed in cash or shares. The distribution of profits shall be made preferably by way of cash dividends. The distribution could also be made by way of stock dividends, which should not exceed 50% of the total distributed earnings in principle. In addition, dividend policy depends on criteria such as the Corporation's current and future investment environment, cash requirements, domestic and international competition, capital budget, etc. Further, the Corporation also takes into consideration shareholders' interests, balances of dividends and its long-term financial goals. Annually, the board of directors prepares a proposal on earnings appropriation for approval at the shareholders' meeting.

For the distribution of dividends, if the distribution is in cash, the board of directors shall be authorized to resolve the proposal by the vote of at least half of the directors present, provided the number of directors present shall be at least two-thirds of the entire board of directors, and report the distribution to the shareholders' meeting. The Corporation may distribute all or part of the reserve in accordance with laws or the regulations of the competent authority. If it is distributed in cash, the Corporation authorizes the board of directors to make resolutions in accordance with Article 241 of the Company Act and report to the shareholders' meeting.

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

Under the local regulations, an amount equals to the net debit balance of total other equity items shall be appropriated as a special reserve. The special reserve may be reversed to the extent of the decrease in the net debit balance.

If the Corporation's shares are held by its subsidiaries at the end of the year and the market value of the shares held are lower than their carrying amounts, the Corporation should appropriate a special reserve equal to the difference between the carrying amounts and market value multiplied by its percentages of ownership in the subsidiaries. The special reserve can be reversed in proportion to the percentages of ownership in the subsidiaries when the market value of the shares increased.

The appropriations of earnings for 2021 and 2020, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	<u>\$ 118,903</u>	<u>\$ 156,616</u>
(Reversal of) special reserve	<u>\$ (39,587)</u>	<u>\$ 189,245</u>
Cash dividends	<u>\$ 1,131,452</u>	<u>\$ 1,346,967</u>
Cash dividends per share (NT\$)	<u>\$ 4.2</u>	<u>\$ 5.0</u>

The above cash dividends were approved by the board of directors on April 12, 2022 and April 14, 2021, respectively, and the remaining appropriations of earnings were approved by the shareholders in their meetings on May 26, 2022 and August 27, 2021, respectively.

The board of directors approved the cash distribution of capital surplus arising from issuance of shares in their meeting on April 12, 2022. The distribution amounted to \$215,515 thousand (NT\$0.8 per share).

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting in May 2023.

Information about the appropriations of earnings and distribution of capital surplus are available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other equity items

1) Exchange differences on translation of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (692,016)	\$ (581,485)
Exchange differences on translation of foreign operations	398,281	(109,658)
Share of associates accounted for using the equity method	<u>21,612</u>	<u>(873)</u>
Balance at December 31	<u>\$ (272,123)</u>	<u>\$ (692,016)</u>

2) Unrealized (loss) gain on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (37,108)	\$ (187,226)
Recognized for the year		
Unrealized gain on equity investments	4,655	201,132
Share of associates accounted for using the equity method	6,272	(29,165)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(9,819)</u>	<u>(21,849)</u>
Balance at December 31	<u>\$ (36,000)</u>	<u>\$ (37,108)</u>

3) Unearned employee benefits

	<b>For the Year Ended December 31, 2022</b>
Balance at January 1	\$ -
Issuance of shares	(219,300)
Cancellation of shares	4,386
Share-based payment expenses recognized by the Corporation	36,687
Share-based payment expenses recognized by subsidiaries	<u>6,893</u>
Balance at December 31	<u>\$ (171,334)</u>

Please refer to Note 25 for the issuance of restricted shares for employees.



e. Treasury shares (in thousands)

Purpose of Treasury Share	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
<u>2022 and 2021</u>				
Reclassification of the Corporation's shares held by subsidiaries from equity-method investments into treasury shares	<u>21,410</u>	-	-	<u>21,410</u>

The Corporation's shares held by subsidiaries at the end of reporting period were as follows:

	<u>December 31</u>	
	2022	2021
<u>Hanmore</u>		
Share (in thousands)	<u>21,317</u>	<u>21,317</u>
Investment cost	<u>\$ 738,426</u>	<u>\$ 755,480</u>
Market value	<u>\$ 1,481,509</u>	<u>\$ 1,807,654</u>
<u>Ching Pu</u>		
Share (in thousands)	<u>10,982</u>	<u>10,982</u>
Investment cost	<u>\$ 237,308</u>	<u>\$ 246,093</u>
Market value	<u>\$ 763,213</u>	<u>\$ 931,229</u>

For the Corporation's shares held by Hanmore, the investment cost at 48.92% (the ownership percentage owned by the Corporation) was transferred from investment accounted for using the equity method to treasury shares, amounting to \$515,617 thousand (10,428 thousand shares) as of December 31, 2022 and 2021. The remaining was treated as recoveries from Hanmore's non-controlling interests, accounted for deduction to non-controlling interests in balance sheets.

The Corporation's shares held by its subsidiaries are recorded as treasury shares, with the subsidiaries having the same rights as other common shareholders on these shares, except that the subsidiaries which are owned by the parent company for over 50% will not have the right to participate in any share issuance for cash or to vote.

f. Non-controlling interests

	<u>For the Year Ended December 31</u>	
	2022	2021
Balance at January 1	\$ 307,828	\$ 140,324
Attributable to non-controlling interests:		
Share of profit for the year	37,126	9,180
Remeasurement on defined benefit plans	52	(130)
Exchange differences on translation of foreign operations	6,467	(1,612)
Non-controlling interests arising from acquisition of subsidiaries (Note 26)	112,771	104,511
Non-controlling interests arising from cash dividends received by subsidiary (Hanmore) from the Corporation	54,441	54,441
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Equity transactions with non-controlling interests (Note 27)	\$ 45,937	\$ 35,015
Cash dividends received from subsidiaries	(77,448)	(53,106)
Changes in percentage of ownership interests in subsidiaries	3,838	18,014
Issuance of shares for cash by subsidiaries	49,089	-
Return of shares in the liquidation of subsidiaries	(787)	-
Non-controlling interests related to recognition of share-based payment transactions by subsidiaries (Note 25)	334	-
Adjustments relating to changes in capital surplus of associates accounted for using the equity method	<u>-</u>	<u>1,191</u>
Balance at December 31	<u>\$ 539,648</u>	<u>\$ 307,828</u> (Concluded)

## 21. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 26,271,087	\$ 22,804,054
Revenue from the rendering of services	6,788,997	6,659,187
Other operating revenue	<u>68,768</u>	<u>63,716</u>
	<u>\$ 33,128,852</u>	<u>\$ 29,526,957</u>

### Contract Balances

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Notes and accounts receivable	<u>\$ 6,345,625</u>	<u>\$ 4,856,074</u>
Contract liabilities	<u>\$ 2,438,375</u>	<u>\$ 1,545,903</u>

Please refer to Note 11 for information about notes and accounts receivable. The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

## 22. NET PROFIT

### a. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 148,956	\$ 133,437
Right-of-use assets	195,559	164,016
Intangible assets	<u>45,722</u>	<u>49,377</u>
	<u>\$ 390,237</u>	<u>\$ 346,830</u> (Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 81,483	\$ 89,074
Operating expenses	<u>263,032</u>	<u>208,379</u>
	<u>\$ 344,515</u>	<u>\$ 297,453</u>
An analysis of amortization by function		
Operating costs	\$ 831	\$ 938
Operating expenses	<u>44,891</u>	<u>48,439</u>
	<u>\$ 45,722</u>	<u>\$ 49,377</u>

(Concluded)

b. Employee benefits expenses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Post-employment benefits		
Defined contribution plans	\$ 212,428	\$ 189,346
Defined benefit plans (Note 19)	<u>2,199</u>	<u>2,738</u>
	214,627	192,084
Compensation cost of share-based payment	43,580	-
Payroll	4,265,454	3,879,025
Labor and health insurance	339,896	317,238
Other employee benefits	<u>186,909</u>	<u>173,189</u>
	<u>\$ 5,050,466</u>	<u>\$ 4,561,536</u>
An analysis of employee benefits expenses by function		
Operating costs	\$ 216,365	\$ 198,893
Operating expenses	<u>4,834,101</u>	<u>4,362,643</u>
	<u>\$ 5,050,466</u>	<u>\$ 4,561,536</u>

As of December 31, 2022 and 2021, the Group had 4,350 and 4,228 employees, respectively.

c. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees and remuneration of directors at rates of no less than 0.1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which have been approved by the Corporation's board of directors on February 22, 2023 and February 23, 2022, respectively, are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 34,578	\$ 38,635
Remuneration of directors	23,052	25,756

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

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

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Gain on sale of investments, net

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Disposal of financial assets at FVTPL	<u>\$ 8,148</u>	<u>\$ 43,877</u>

e. Impairment losses recognized

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Investments accounted for using the equity method	\$ 49,498	\$ 69,873
Property, plant and equipment	8,721	-
Intangible assets	<u>17,206</u>	<u>97,796</u>
	<u>\$ 75,425</u>	<u>\$ 167,669</u>

## 23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 247,313	\$ 182,535
Additional income tax on unappropriated earnings	4,685	11,382
Additional income tax under the Alternative Minimum Tax Act	9,846	16,280
Enterprise income tax on securities	-	19,201
Land value increment tax	240	710
Adjustments for prior years' tax	<u>556</u>	<u>(1,694)</u>
	<u>262,640</u>	<u>228,414</u>
Deferred tax		
In respect of the current year	2309	8,402
Adjustments for prior years' tax	<u>(240)</u>	<u>(8,297)</u>
	<u>2,069</u>	<u>105</u>
Income tax expense recognized in profit or loss	<u>\$ 264,709</u>	<u>\$ 228,519</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	<u>\$ 1,393,064</u>	<u>\$ 1,451,615</u>
Income tax expense calculated at the statutory rate (20%)	\$ 278,613	\$ 290,323
Permanent difference	(87,704)	(11,447)
Additional income tax on unappropriated earnings	4,685	11,382
Land value increment tax	240	710
Unrecognized loss carryforwards	176	(7,542)
Effect of different tax rate of group entities operating in other jurisdictions	58,537	(80,397)
Adjustments for prior years' tax	316	(9,991)
Enterprise Income Tax on securities	-	19,201
Additional income tax under the Alternative Minimum Tax Act	<u>9,846</u>	<u>16,280</u>
Income tax expense recognized in profit or loss	<u>\$ 264,709</u>	<u>\$ 228,519</u>

System Solution (HK) Limited sold investments accounted for using the equity method and financial assets at FVTOCI in 2021 and incurred Enterprise Income Tax of \$19,201 thousand according to the related tax laws in its jurisdiction.

The applicable tax rate used by subsidiaries in China is 25%. SCGI and KIMO are exempt from income tax under their local government regulations. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
Remeasurement on defined benefit plan	<u>\$ 2,986</u>	<u>\$ (3,783)</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets (recognized in other receivables)		
Tax refund receivable	<u>\$ 4,074</u>	<u>\$ 4,658</u>
Current tax liabilities		
Income tax payable	<u>\$ 175,744</u>	<u>\$ 125,443</u>

d. The movements of deferred tax assets and liabilities

For the year ended December 31, 2022

	Opening Balance	Assign on Acquisition	Recognized in Profit or Loss	Recognized in Other Com- prehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>						
Temporary differences						
Allowance for loss on inventories	\$ 41,463	\$ -	\$ (969)	\$ -	\$ -	\$ 40,494
Payable for annual leave	3,101	-	(105)	-	-	2,996
Others	<u>16,148</u>	<u>368</u>	<u>2,467</u>	<u>(2,942)</u>	-	<u>16,041</u>
	60,712	368	1,393	(2,942)	-	59,531
Loss carryforwards	<u>136</u>	<u>5840</u>	<u>(2,731)</u>	-	-	<u>3,245</u>
	<u>\$ 60,848</u>	<u>\$ 6,208</u>	<u>\$ (1,338)</u>	<u>\$ (2,942)</u>	<u>\$ -</u>	<u>\$ 62,776</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Exchange differences on foreign operations	\$ 5,846	\$ -	\$ -	\$ -	\$ -	\$ 5,846
Others	<u>238</u>	-	<u>731</u>	<u>44</u>	-	<u>1,013</u>
	<u>\$ 6,084</u>	<u>\$ -</u>	<u>\$ 731</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 6,859</u>

For the year ended December 31, 2021

	Opening Balance	Assign on Acquisition	Recognized in Profit or Loss	Recognized in Other Com- prehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>						
Temporary differences						
Allowance for loss on inventories	\$ 59,600	\$ 8,289	\$ (26,426)	\$ -	\$ -	\$ 41,463
Payable for annual leave	2,781	-	320	-	-	3,101
Others	<u>12,868</u>	<u>394</u>	<u>(897)</u>	<u>3,783</u>	-	<u>16,148</u>
	75,249	8,683	(27,003)	3,783	-	60,712
Loss carryforwards	<u>833</u>	-	<u>(697)</u>	-	-	<u>136</u>
	<u>\$ 76,082</u>	<u>\$ 8,683</u>	<u>\$ (27,700)</u>	<u>\$ 3,783</u>	<u>\$ -</u>	<u>\$ 60,848</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Exchange differences on foreign operations	\$ 5,846	\$ -	\$ -	\$ -	\$ -	\$ 5,846
Gain on disposal of investments	27,742	-	(27,214)	-	(528)	-
Others	<u>485</u>	<u>134</u>	<u>(381)</u>	-	-	<u>238</u>
	<u>\$ 34,073</u>	<u>\$ 134</u>	<u>\$ (27,595)</u>	<u>\$ -</u>	<u>\$ (528)</u>	<u>\$ 6,084</u>

- e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Loss carryforwards		
Expiry in 2022	\$ -	\$ 40,064
Expiry in 2023	13,832	46,107
Expiry in 2024	13,480	20,507
Expiry in 2025	19,450	89,922
Expiry in 2026	30,485	103,322
Expiry in 2027	3,522	6,476
Expiry in 2028	7,230	8,013
Expiry in 2029	89,741	117,522
Expiry in 2030	154	831
Expiry in 2031	1,337	1,415
Expiry in 2032	<u>9,342</u>	<u>-</u>
	<u>\$ 188,573</u>	<u>\$ 434,179</u>

- f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

<b>Expiry Year</b>	<b>Total Credit</b>
2023	\$ 29,377
2024	13,480
2025	19,450
2026	30,485
2027	3,522
2028	7,230
2029	90,038
2030	358
2031	1,516
2032	<u>9,342</u>
	<u>\$ 204,798</u>

- g. Income tax assessments

Income tax returns through 2020 and undistributed earnings through 2019 of the Corporation, SSSC, Nexsys, Taifon, CSMC, Ching Pu, TEDP, Hanmore, GBC, Naturint, Syswiser, Syslink, Smartsys, Dawning, Syspower, Softmobile, Systex Solutions, Syscore, Top Information, E-service, TIST, Docutek Solutions, ANSecurity, and Docutek Services have been assessed by the tax authorities.

## 24. EARNINGS PER SHARE

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

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Net income for the year</u>		
Net income for the year attributable to owners of the Corporation	<u>\$ 1,091,229</u>	<u>\$ 1,213,916</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of basic earnings per share	247,983	247,983
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>588</u>	<u>549</u>
Weighted average number of ordinary shares in the computation of diluted earnings per share	<u>248,571</u>	<u>248,532</u>
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	<u>\$4.40</u>	<u>\$4.90</u>
Diluted earnings per share	<u>\$4.39</u>	<u>\$4.88</u>

If the Corporation can settle bonus to employees in cash or shares, the Corporation should assume the entire amount of the bonus will be settled in shares and the resulting potential shares, if dilutive, should be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees in the following year.

The pro-forma net income and earnings per share, assuming the Corporation's share held by subsidiaries were treated as investment instead of treasury shares, were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Net income for the year</u>		
Net income for the year attributable to owners of the Corporation	<u>\$ 1,181,150</u>	<u>\$ 1,320,965</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of pro forma basic earnings per share	269,393	269,393
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>588</u>	<u>549</u>
Weighted average number of ordinary shares in the computation of pro forma diluted earnings per share	<u>269,981</u>	<u>269,942</u>

(Continued)



	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>

Earnings per share (NT\$)

Basic earnings per share	<u>\$4.38</u>	<u>\$4.90</u>
Diluted earnings per share	<u>\$4.37</u>	<u>\$4.89</u>
		(Concluded)

## 25. SHARE-BASED PAYMENT ARRANGEMENTS

On May 26, 2022, the shareholders in their meeting approved to issue 3,000 thousand shares under a restricted share plan for employees with a total amount of \$30,000 thousand, which was approved by the FSC. Vesting conditions of restricted stock awards (RSAs) are as follows:

- a. The employees remain employed by the Group on the last date of each vesting period, and the employees' performance metrics and the Group's operational goal are met at the same time, and during the vesting period, the employees may not breach labor contracts with the Group or be given a major demerit according to the Group's rewards and punishment regulations.
- b. The maximum percentage of granted RSAs that may be vested each year shall be as follows: one year anniversary of the grant: 33%; two-year anniversary of the grant: 33%; and three-year anniversary of the grant: 34%; or the maximum percentage of granted RSAs that may be vested for the three years from 2022 to 2024 will be set as 100%; provided that the actual percentage and number of the RSAs to be vested in each year will be calculated based on the achievement of the employees' performance metrics and the Group's operational goals.

Restrictions imposed on the employees' rights in the RSAs before the vesting conditions are fulfilled:

- a. During each vesting period, no employees granted RSAs may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested RSAs according to trust agreement.
- b. The attendance, proposal rights, speech rights, voting rights shall be exercised by the engaged trustee on the employees' behalf.
- c. The RSAs should be delivered to trust custodians upon the grant date. The employees cannot request for refund by all means before the vesting conditions are fulfilled.
- d. If the Group applies for non-statutory capital reduction, the RSAs should be cancelled in proportion to the capital reduction. The refund of cash shall be delivered to the engaged trustee before the vesting conditions are fulfilled. If the vesting conditions are not fulfilled, the Group will withdraw the refund of cash.
- e. Except for the aforementioned restrictions, before the vesting conditions are fulfilled, any other shareholders' rights including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of common shares of the Group. The operations will be executed under trust agreement.

On August 3, 2022, the board of directors approved to issue 3,000 thousand shares under a restricted share plan for employees with a par value of \$10 per share and a total amount of \$30,000 thousand. The grant date was September 1, 2022, and the closing price was \$73.10. As of December 31, 2022, the RSAs are not vested.

On December 21, 2022, the board of directors resolved to cancel 60 thousand shares that did not meet the vesting conditions (the portion allocated to employees of subsidiaries) with a par value of \$10 and amounting to a total of \$600 thousand, and set December 21, 2022 as the capital reduction record date.

For the year ended December 31, 2022, the compensation cost recognized on the RSAs was \$43,580 thousand.

## 26. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Date of Acquisition</b>	<b>Proportion of Voting Equity Interests Acquired (%)</b>
Docutek Solutions	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	August 2022	54.92
Dawning	Computer system integration service and computer software industry	January 2021	74.43

Docutek Solutions and Dawning were acquired in order to continue the expansion of the Group's operations.

### b. Consideration transferred

	<b>Docutek Solutions</b>	<b>Dawning</b>
Cash	<u>\$ 286,000</u>	<u>\$ 166,594</u>

### c. Assets acquired and liabilities assumed at the date of acquisition

	<b>Docutek Solutions</b>	<b>Dawning</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 219,804	\$ 107,704
Financial assets at FVTPL	5,093	-
Accounts receivables	60,239	430,469
Receivables from related parties	4,374	-
Inventories	13,563	177,319
Prepayments	55,560	-
Other current assets	67	7,319
<b>Non-current assets</b>		
Property, plant and equipment	91,550	9,314
Right-of-use assets	-	46,750
Other intangible assets	46,311	44,403
Deferred tax assets	5,841	8,683
Other non-current assets	7,374	3,044

(Continued)

	<b>Docutek Solutions</b>	<b>Dawning</b>
Current liabilities		
Short-term loans	\$ 20,000	\$ 43,022
Financial liabilities at FVTPL	-	330
Contract liabilities	131,421	3,050
Notes and accounts payable	16,082	239,643
Other payables	15,286	52,354
Lease liabilities - current	-	14,697
Advance receipts	-	6,907
Other current liabilities	253	582
Non-current liabilities		
Long-term borrowings	\$ 28,791	\$ -
Lease liabilities - non-current	-	21,120
Other non-current liabilities	<u>1,553</u>	<u>133</u>
	<u>\$ 296,390</u>	<u>\$ 453,167</u>
		(Concluded)

d. Goodwill recognized on acquisitions

	<b>Docutek Solutions</b>	<b>Dawning</b>
Consideration transferred	\$ 286,000	\$ 166,594
Add: Fair value of the interest originally held by the Group at the date of acquisition	-	208,064
Add: Non-controlling interests	112,771	104,511
Less: Fair value of identifiable net assets acquired	<u>(296,390)</u>	<u>(453,167)</u>
Goodwill recognized on acquisitions	<u>\$ 102,381</u>	<u>\$ 26,002</u>

e. Net cash outflow on the acquisition of subsidiaries

	<b>Docutek Solutions</b>	<b>Dawning</b>
Cash and cash equivalent acquired	\$ 219,804	\$ 107,704
Less: Consideration paid in cash	<u>286,000</u>	<u>166,594</u>
	<u>\$ (66,196)</u>	<u>\$ (58,890)</u>

f. Impact of acquisitions on the results of the Group

As of the date the consolidated financial statements were authorized for issue, the financial results of the acquirees since the acquisition dates have no significant impact on the results of the Group.

## 27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

- a. As described in Note 13d, the Group purchased shares of E-service from the non-controlling shareholders in February 2021 and increased its interest in E-service from 58.75% to 100%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

	<b>Amount</b>
Consideration paid in cash	\$ (44,800)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>30,102</u>
Differences recognized from equity transaction	<u>\$ (14,698)</u>
Carrying amount of capital surplus deducted	\$ (39)
Adjustment to retained earnings	<u>(14,659)</u>
	<u>\$ (14,698)</u>

- b. As described in Note 13j, the Group subscribed for new shares issued by RTIHK at a percentage different from its original ownership percentage in August 2021 and decreased its interest in RTIHK from 100% to 85%; therefore, the Group recognized an increase in capital surplus - changes in percentage of ownership interests in subsidiaries of \$378 thousand.

The Group then disposed of 36% interest in RTIHK and decreased its interest in RTIHK from 85% to 49%. The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

	<b>Amount</b>
Consideration received in cash	\$ 46,449
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>(44,579)</u>
Differences recognized from equity transaction (recognized as capital surplus)	<u>\$ 1,870</u>

- c. The Group subscribed for new shares issued by TIST at a percentage different from its original ownership percentage in January 2021 and increased its interest in TIST from 62.87% to 67.38%; therefore, the Group recognized a decrease in capital surplus - changes in percentage of ownership interests in subsidiaries of \$2,696 thousand.

- d. As described in Note 13h, the Group purchased shares of Dawning from the non-controlling shareholders in March 2022 and increased its interest in Dawning from 74.43% to 88.83%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

	<b>Amount</b>
Consideration paid in cash	\$ (68,400)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>58,574</u>
Differences recognized from equity transaction	<u>\$ (9,826)</u>
Carrying amount of capital surplus deducted	\$ (1,858)
Adjustment to retained earnings	<u>(7,968)</u>
	<u>\$ (9,826)</u>

The Group subscribed for new shares issued by Dawning at a percentage different from its original ownership percentage in May 2022 and increased its interest in Dawning from 88.83% to 91.60%; therefore, the Group recognized a decrease in capital surplus - changes in percentage of ownership interests in subsidiaries of \$6,989 thousand.

- e. As described in Note 13b, the Group disposed of 30% interest in Nexsys in May 2022 and decreased its interest in Nexsys from 100% to 70%. The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

	<b>Amount</b>
Consideration received in cash	\$ 299,025
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>(104,511)</u>
Differences recognized from equity transaction (recognized as capital surplus)	<u>\$ 194,514</u>

- f. As described in Note 13i, the Group subscribed for new shares issued by Palsys at a percentage different from its original ownership percentage in October 2021 and decreased its interest in Palsys from 100% to 92.14%; therefore, the Group recognized an increase in capital surplus - changes in percentage of ownership interests in subsidiaries of \$801 thousand.

The Group subscribed for new shares issued by Palsys at a percentage different from its original ownership percentage in July 2022 and decreased its interest in Palsys from 92.14% to 79.26%; therefore, the Group recognized an increase in capital surplus - changes in percentage of ownership interests in subsidiaries of \$3,151 thousand.

## 28. CAPITAL MANAGEMENT

The capital structure of the Group consists of debt and equity of the Group (comprising issued capital, capital surplus, retained earnings and other equity).

Key management personnel of the Corporation review the capital structure on a periodic basis. As part of this review, the Corporation considers the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

## 29. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

### b. Fair value of financial instruments that are measured at fair value on a recurring basis

#### 1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Listed shares	\$ 212,359	\$ -	\$ -	\$ 212,359
Unlisted shares	-	-	1,840,404	1,840,404
Unlisted preferred shares	-	-	85,734	85,734
Mutual funds	3,346,134	-	-	3,346,134
Others	<u>-</u>	<u>-</u>	<u>114,790</u>	<u>114,790</u>
	<u>\$ 3,558,493</u>	<u>\$ -</u>	<u>\$ 2,040,928</u>	<u>\$ 5,599,421</u>
Financial assets at FVTOCI				
Listed shares	\$ 33,177	\$ -	\$ -	\$ 33,177
Unlisted shares	-	-	252,335	252,335
Unlisted preferred shares	<u>-</u>	<u>-</u>	<u>57,121</u>	<u>57,121</u>
	<u>\$ 33,177</u>	<u>\$ -</u>	<u>\$ 309,456</u>	<u>\$ 342,633</u>
<u>December 31, 2021</u>				
Financial assets at FVTPL				
Listed shares	\$ 151,920	\$ -	\$ -	\$ 151,920
Unlisted shares	-	-	1,502,631	1,502,631
Unlisted preferred shares	-	-	96,020	96,020
Mutual funds	4,412,309	-	-	4,412,309
Others	<u>-</u>	<u>-</u>	<u>101,652</u>	<u>101,652</u>
	<u>\$ 4,564,229</u>	<u>\$ -</u>	<u>\$ 1,700,303</u>	<u>\$ 6,264,532</u>
Financial assets at FVTOCI				
Unlisted shares	\$ -	\$ -	\$ 250,066	\$ 250,066
Unlisted preferred shares	<u>-</u>	<u>-</u>	<u>51,485</u>	<u>51,485</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,551</u>	<u>\$ 301,551</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>	
Balance at January 1	\$ 1,700,303	\$ 301,551	\$ 2,001,854
Recognized in profit or loss	358,620	-	358,620
Recognized in other comprehensive income	-	(7,402)	(7,402)
Purchases	-	63,746	63,746
Capital reduction	(24,288)	(73,211)	(97,499)
Net exchange differences	<u>6,293</u>	<u>24,772</u>	<u>31,065</u>
Balance at December 31	<u>\$ 2,040,928</u>	<u>\$ 309,456</u>	<u>\$ 2,350,384</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 358,620</u>		<u>\$ 358,620</u>

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>	
Balance at January 1	\$ 1,575,388	\$ 169,565	\$ 1,744,953
Recognized in profit or loss	65,794	-	65,794
Recognized in other comprehensive income	-	61,927	61,927
Purchases	71,018	76,697	147,715
Capital surplus distributed as cash dividends	(477)	-	(477)
Net exchange differences	(655)	(5,749)	(6,404)
Capital reduction	<u>(10,765)</u>	<u>(889)</u>	<u>(11,654)</u>
Balance at December 31	<u>\$ 1,700,303</u>	<u>\$ 301,551</u>	<u>\$ 2,001,854</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 65,794</u>		<u>\$ 65,794</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Taiwan Futures Exchange	The market approach is used to arrive at their fair values for which the recent financial activities of investees, the market transaction prices of the similar companies and market conditions are considered. Significant unobservable inputs are discounted considering marketability.
Unlisted shares and others	The assets approach is used to the individual assets and individual liabilities to reflect the overall value of the investment target. Significant unobservable inputs are discounted considering marketability.

c. Categories of financial instruments

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
FVTPL	\$ 5,599,421	\$ 6,264,532
Amortized cost (1)	12,525,986	10,590,195
FVTOCI	342,633	301,551
<u>Financial liabilities</u>		
Amortized cost (2)	11,823,232	10,185,561

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, refundable deposits, other receivables, lease receivables (included in other current assets and other non-current assets), long-term receivables, pledged time deposits (included in other financial assets) and debt investment (included in financial assets at amortized cost - non-current).
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payable, accounts payable to related parties, other payables, guarantee deposits received (included in other non-current liabilities), bonds payable, current portion of long-term borrowings and long-term borrowings.

d. Financial risk management objectives and policies

The Group's main target of financial risk management is to manage the market risk related to operating activity (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. To reduce the potential and detrimental influence of the fluctuations in market on the Group's financial performance, the Group endeavors to identify, estimate and hedge the uncertainties of the market.

The Group's significant financial activity is reviewed and approved by the board of directors and audit committee in compliance with related regulations and internal control policy, and the authority and responsibility are delegated according to the operating procedures.



1) Market risk

a) Foreign currency risk

The Group has foreign currency sales, purchases and borrowings, which were exposed to foreign currency risk. The Group designated a department to monitor exchange rate fluctuations in timely manner and change foreign currency position to control and mitigate such risks as soon as possible.

The sensitivity analysis focused on outstanding foreign currency denominated monetary assets and monetary liabilities (mainly USD and RMB) at the end of the reporting period. A positive number below indicates an increase/decrease in pre-tax net income associated with New Taiwan dollars strengthening/weakening 5% against the relevant currency.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Increase/decrease	\$ 6,160	\$ 67,208

b) Interest rate risk

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 1,801,683	\$ 884,580
Financial liabilities	5,177,748	4,529,046
Cash flow interest rate risk		
Financial assets	3,590,352	4,067,664
Financial liabilities	114,647	93,471

The Group acquires better interest rate through long-term cooperation with banks; therefore, the effect of interest rate fluctuations is immaterial.

The sensitivity analyses below were determined based on financial assets and financial liabilities with floating interest rates at the end of reporting period. If interest rates had been 10 basis points (0.1%) higher/lower, the Group's pre-tax net income effect would have been as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Increase/decrease	\$ 3,476	\$ 3,974

c) Other price risk

The Group was exposed to price risk through its investments in listed shares, corporate bonds and mutual funds. The Group established a real-time control system for the price risk, and management does not anticipate any material loss due to this risk.

The sensitivity analyses of the above investment were determined based on financial assets which were measured at fair value at the end of reporting period. If market prices had been 5% higher/lower, the effects on the Group's pre-tax net income and other comprehensive income would have been as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Pre-tax net income		
Increase/decrease	\$ 279,971	\$ 313,227
Other comprehensive income		
Increase/decrease	17,132	15,078

## 2) Credit risk

Credit risk represents the potential loss that would be incurred by the Group if the counterparties breached contracts. Generally, the maximum exposures to credit risk for financial assets at the balance sheet date are their carrying amounts.

Since the counterparties are creditworthy financial institutions and enterprises and the concentration of credit risk is not significant, the credit risk is anticipated to be immaterial.

## 3) Liquidity risk

The Group puts in place inventory management system, procedures for collections and payments, and develops cash flow forecast to ensure the liquidity of operating capital. In addition, the Group invests idle funds in short-term investments under consideration of liquidity, security and profitability. The Group also maintains banking facilities to ensure the liquidity of cash.

The Group has sufficient working capital to meet the cash needs for their operations. Thus, no material liquidity risk is anticipated.

In addition, the Group's investments in mutual funds and listed shares are traded in active markets and can readily be sold in the market at their approximate fair values. However, the Group also invested in unlisted stocks and corporate bonds without quoted market prices in an active market, and higher liquidity risk is anticipated.

### 30. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions, revenue and expense between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related parties and their relationship with the Group

<u>Related Parties</u>	<u>Relationship with the Group</u>
Systemweb Technologies Co., Ltd.	Associate
Sanfran Technologies Inc.	Associate
Investment Media Ltd.	Associate
Mohist Web Technology Co., Ltd.	Associate
FinRobo Advisor Securities Investment Consulting Co., Ltd.	Associate
Shengsen Cloud Technology	Associate
Frog-jump Information Co., Ltd.	Associate
Neweb Information Co., Ltd.	Associate
Retail System Co., Ltd.	Associate
Gensys Technology International. Ltd.	Associate
Fuco Technology Co., Ltd.	Associate
AIWin Technology Co., Ltd.	Associate
Genesis Technology Inc.	Associate
Bao Ruh Electronic Co., Ltd.	Associate
CKmates International Co., Ltd.	Associate
Teamplus Technology Inc.	Associate
Neo Trend Tech Corporation	Associate
Asiavest Capital Co., Ltd.	Other related party
Green World FinTech Service Co., Ltd.	Director of subsidiary (1)
Ms. Luo	Director of subsidiary (2)
Mr. Hsieh	Director of subsidiary

Note 1: Green World FinTech Service Co., Ltd. has become a related party to the Group since June 2022.

Note 2: Ms. Luo was no longer a related party to the Group since February 2021.

b. Operating revenue

Line Items	Related Party Categories	<u>For the Year Ended December 31</u>	
		2022	2021
Sales	Associates	\$ 168,268	\$ 144,276
	Director of subsidiary	\$ 1,614	\$ -
Service revenue	Associates	\$ 7,790	\$ 8,416
	Director of subsidiary	\$ 39	\$ -
Other operating revenue	Associates	\$ -	\$ 432
	Director of subsidiary	\$ 387	\$ -

c. Purchases

Related Party Categories	<u>For the Year Ended December 31</u>	
	2022	2021
Associates	\$ 39,623	\$ 51,061

d. Receivables from related parties

Line Items	Related Party Categories	December 31	
		2022	2021
Accounts receivable	Associates	\$ 39,335	\$ 49,905
	Director of subsidiary	\$ 172	\$ -
Lease receivables - current (included in other current assets)	Director of subsidiary	\$ 1,310	\$ -
Lease receivables - non-current (included in other non-current assets)	Director of subsidiary	\$ 1,971	\$ -

e. Payables to related parties

Line Items	Related Party Categories	December 31	
		2022	2021
Payables to related parties	Associates	\$ 23,873	\$ 21,776
Other payables	Director of subsidiary	\$ 9,402	\$ 9,402

The product/service sales and purchase transactions with related parties were conducted underpricing terms similar to those with third parties, i.e., for purchases or sales of similar products/services, except those transactions on products/services with special specifications. Settlement terms for related-party transactions were similar to those for third parties.

f. Acquisition of property, plant and equipment

Related Party Categories	For the Year Ended December 31	
	2022	2021
Associates	\$ 240	\$ -

g. Disposal of property, plant and equipment

Related Party Categories	Proceeds		Gain on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Other related party	\$ -	\$ 1,619	\$ -	\$ 62

h. Other transactions with related parties

Line Items	Related Party Categories	For the Year Ended December 31	
		2022	2021
Service cost	Associates	\$ 21,499	\$ 21,527
Operating expenses	Associates	\$ 5,005	\$ 1,354
Other income	Associates	\$ 204	\$ 204

i. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 201,841	\$ 198,758
Post-employment benefits	2,843	4,141
Termination benefits	3,460	-
Share-based payment	<u>35,279</u>	<u>-</u>
	<u>\$ 243,423</u>	<u>\$ 202,899</u>

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

### 31. PLEDGED ASSETS

The following assets were pledged as the Group's collateral for bank loans, contract guarantees and import duty guarantee, and etc.:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment - land and buildings, net	\$ 433,588	\$ 346,888
Pledged time deposits - current (included in other financial assets - current)	474,863	241,079
Pledged time deposits - non-current (included in other financial assets - non-current)	86,508	143,501
The shares of the Corporation (Note)	<u>347,500</u>	<u>424,000</u>
	<u>\$ 1,342,459</u>	<u>\$ 1,155,468</u>

Note: Hanmore pledged 5,000 thousand shares of the Corporation as of December 31, 2022 and 2021, and it was eliminated on consolidation.

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of December 31, 2022 and 2021 were as follows:

a. Unused letters of credit of the Group in aggregate amount were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
	<u>\$ 658</u>	<u>\$ 695</u>

b. Outstanding sales contracts of the Group in the amount were as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
	<u>\$ 15,378,533</u>	<u>\$ 12,582,510</u>

- c. The Group provided endorsements for others in Table 3.
- d. The Group issues gift certificates and gift cards. For the handling of advance receipts from customers for sold gift certificates and gift cards, the Group entered into a trust agreement with E.SUN Commercial Bank according to the “Provision to be Included in Standard Form Contract of All Sorts of Gift Certificates of Retail Companies” issued by the Ministry of Economic Affairs. According to the trust agreement, the Group opened a trust account in E.SUN Commercial Bank. Advance receipts from customers for sold gift certificates are deposited in the trust account and amounts for services already provided to customers are paid to the Group on a monthly basis. The balance in the trust account should be not lower than the amount of outstanding gift certificates and gift cards. As of December 31, 2022, the Group’s assets in the trust account amounted to \$107,896 thousand (included in other financial assets).

### 33. OTHER ITEMS

Due to the impact of the COVID-19 pandemic which has evolved globally and currently, some of the Group’s subsidiaries, clients and suppliers in certain locations are subject to quarantine and traveling restriction policies. The Group has considered the overall operating and financial impacts to be immaterial. There is no doubt on the Group’s ability to continue as a going concern, and there is no impairment of assets or financing risk recognized.

### 34. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 13,516	30.71	\$ 415,077
RMB	11,405	4.41	50,289
Non-monetary items			
Financial assets at FVTPL			
HKD	10,812	3.94	42,577
<u>Financial liabilities</u>			
Monetary items			
USD	11,136	30.71	341,987
RMB	40	4.41	176

December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 57,029	27.68	\$ 1,578,563
RMB	3,738	4.34	16,229
Non-monetary items			
Financial assets at FVTPL			
HKD	14,248	3.55	50,566
<u>Financial liabilities</u>			
Monetary items			
USD	8,980	27.68	248,566
RMB	478	4.34	2,075

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains were \$31,966 thousand and \$16,757 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### 35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on financial information. The Group's reportable segments were as follows:

Financial business integration provides financial technologies and develops smart finance, centered on FinTech, to assist financial customers (mainly engaged in large-scale financial customers) in digital transformation, including transformation services in mobile applications, integration services for investor and wealth management upgrade services.

Consumer market integration mainly focus on new retail, provides full-channel and full payment services, and assists customers, especially digital e-commerce customer, in operating O2O business to realize digital transformation.

Digital ecosystem integration provides comprehensive digital ecosystem product portfolio and solution to drive business intelligence growth of customers, acts as the Data Enabler for customers and actively introduces domestic and foreign leading digital technology to provide solution to customer in digital transformation.

Commercial software integration mainly provides sales of various domestic and foreign original software and hardware, learning cloud-related technologies and applications, and provides a variety of IT integration services and comprehensive IT ecosystem information services.

China Group, in the way of alliance with local suppliers, expands self-employed business, develops independent products, provides system integration and value-added services, and provides commercial software and cloud platform tools in China.

Investment department engages in investment activities.

The chief operating decision-maker of the Group divided the domestic information service business into four operating segments according to industry level and customer's service requirements and has taken China Group as a reportable segment due to regional specialties. In addition, the financial investment business is considered as an investment department that should be reported separately. Financial business integration included domestic departments which provide a cross-border financial transaction cloud, APP and customized development, community services for investors, and ITDM services of securities or futures trading in Greater China. Consumer market integration included domestic departments which provide mobile payments, O2O integration services, data processing services, precision marketing solution, government official website, service platform, and e-commerce platform. Digital ecosystem integration included domestic departments which provide big data platform and value-added innovation, commercial software, cloud value-added services, Cyber-security, IT development training courses, and book publishing into a reportable department. Commercial software service integration mainly categorizes the domestic departments which provide commercial software, technology value-added services of Microsoft product, cloud construction and application, and Mobile APP development into a reportable department.

a. Consolidated revenues and results

	Financial Business Integration	Consumer Market Integration	Digital Ecosystem Integration	Commercial Software Service Integration	China Group	Investment Department	Adjustment and Elimination	Total
<u>2022</u>								
Sales to customers	\$ 4,855,985	\$ 5,165,777	\$ 7,536,530	\$ 9,573,256	\$ 5,997,304	\$ -	\$ -	\$ 33,128,852
Sales to other segments	781,723	113,974	754,771	1,086,284	702,132	-	(3,438,884)	-
Total sales	<u>\$ 5,637,708</u>	<u>\$ 5,279,751</u>	<u>\$ 8,291,301</u>	<u>\$ 10,659,540</u>	<u>\$ 6,699,436</u>	<u>\$ -</u>	<u>\$ (3,438,884)</u>	<u>\$ 33,128,852</u>
Segment income (loss)	<u>\$ 435,125</u>	<u>\$ 428,911</u>	<u>\$ 278,046</u>	<u>\$ 633,258</u>	<u>\$ 85,949</u>	<u>\$ (15,990)</u>	<u>\$ -</u>	\$ 1,845,299
Corporate general expenses								(452,235)
Income before income tax								<u>\$ 1,393,064</u>
Segment depreciation and amortization expenses	<u>\$ 47,538</u>	<u>\$ 75,709</u>	<u>\$ 73,613</u>	<u>\$ 10,852</u>	<u>\$ 42,593</u>	<u>\$ -</u>		\$ 200,305
Non-segment depreciation and amortization expenses								189,932
Total depreciation and amortization expenses								<u>\$ 390,237</u>
Segment assets	<u>\$ 4,990,910</u>	<u>\$ 2,900,719</u>	<u>\$ 2,853,094</u>	<u>\$ 5,237,982</u>	<u>\$ 3,348,215</u>	<u>\$ 9,287,500</u>		\$ 28,618,420
General assets								1,281,323
Total assets								<u>\$ 29,899,743</u>
<u>2021</u>								
Sales to customers	\$ 4,489,298	\$ 4,199,135	\$ 6,540,825	\$ 8,649,732	\$ 5,647,967	\$ -	\$ -	\$ 29,526,957
Sales to other segments	637,713	111,409	483,536	1,323,778	647,031	-	(3,203,467)	-
Total sales	<u>\$ 5,127,011</u>	<u>\$ 4,310,544</u>	<u>\$ 7,024,361</u>	<u>\$ 9,973,510</u>	<u>\$ 6,294,998</u>	<u>\$ -</u>	<u>\$ (3,203,467)</u>	<u>\$ 29,526,957</u>
Segment income	<u>\$ 464,888</u>	<u>\$ 346,801</u>	<u>\$ 129,012</u>	<u>\$ 619,780</u>	<u>\$ 71,630</u>	<u>\$ 248,598</u>	<u>\$ -</u>	\$ 1,880,709
Corporate general expenses								(429,094)
Income before income tax								<u>\$ 1,451,615</u>
Segment depreciation and amortization expenses	<u>\$ 52,733</u>	<u>\$ 35,081</u>	<u>\$ 78,589</u>	<u>\$ 9,441</u>	<u>\$ 42,662</u>	<u>\$ -</u>		\$ 218,506
Non-segment depreciation and amortization expenses								128,324
Total depreciation and amortization expenses								<u>\$ 346,830</u>
Segment assets	<u>\$ 3,881,048</u>	<u>\$ 2,787,217</u>	<u>\$ 1,891,707</u>	<u>\$ 4,287,692</u>	<u>\$ 2,825,772</u>	<u>\$ 9,723,156</u>		\$ 25,396,592
General assets								1,163,598
Total assets								<u>\$ 26,560,190</u>

Segment income (loss) refers to the profits and losses incurred by each segment, excluding headquarter management cost, remuneration of directors, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, foreign exchange gain, interest expense and income tax expense.



b. Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location is detailed below.

	<b>Revenue from External Customers</b>	
	<b>2022</b>	<b>2021</b>
Domestic	\$ 27,191,285	\$ 23,912,039
Asia	<u>5,937,567</u>	<u>5,614,918</u>
	<u>\$ 33,128,852</u>	<u>\$ 29,526,957</u>
	<b>Non-current Assets</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Domestic	\$ 7,321,322	\$ 6,600,983
Asia	323,432	356,861
Others	<u>501,864</u>	<u>329,324</u>
	<u>\$ 8,146,618</u>	<u>\$ 7,287,168</u>

c. Major customers

No revenue from any individual customer exceeded 10% of the Group's total operating revenue for the years ended December 31, 2022 and 2021.

### 36. SEPARATELY DISCLOSED ITEMS

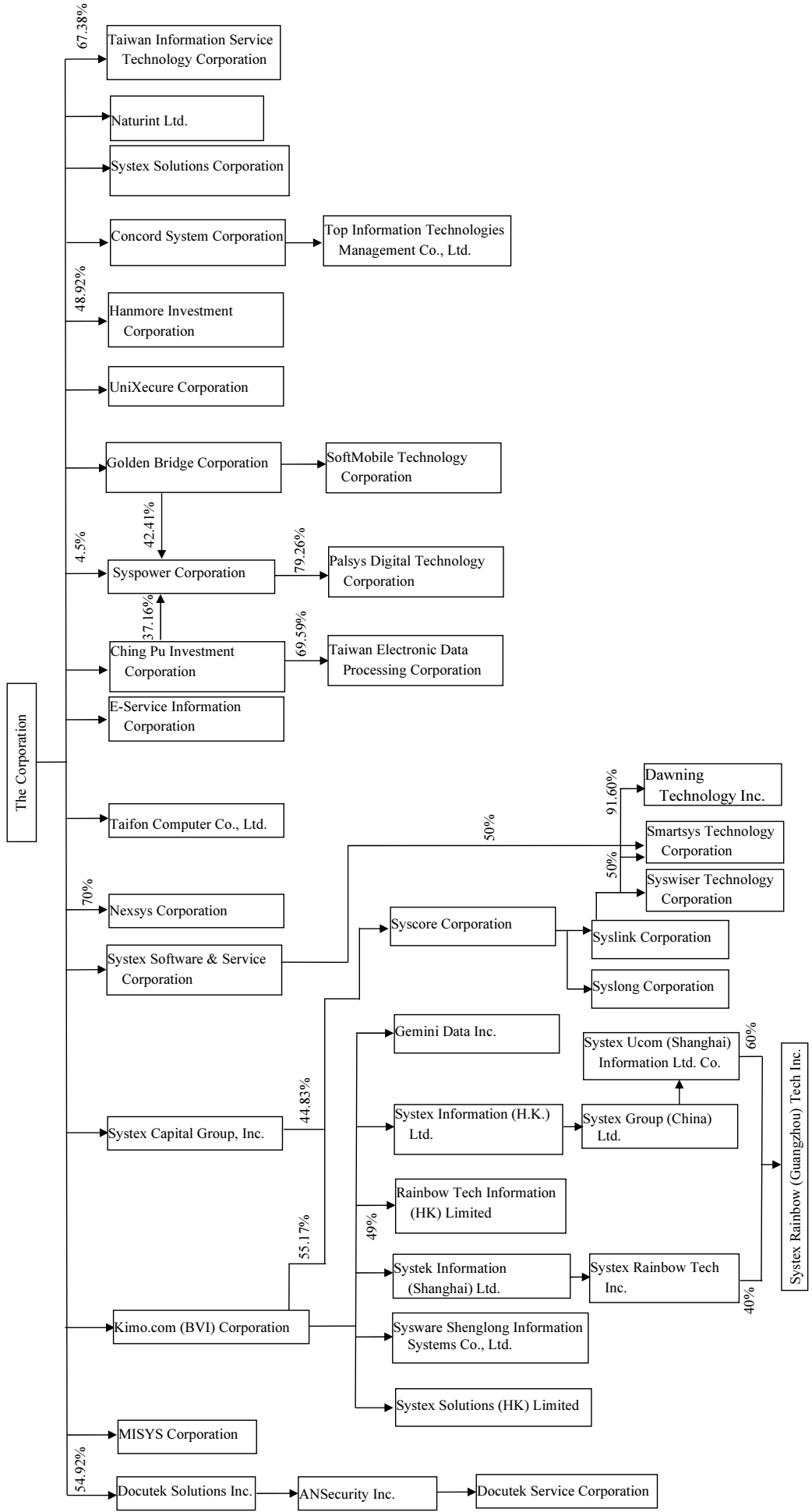
a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others (Table 2)
- 2) Endorsements/guarantees provided (Table 3)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 4)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 5)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 7)

- 9) Trading in derivative instruments (None)
  - 10) Other: Intercompany relationships and significant intercompany transactions (Table 8)
  - 11) Information on investees (Table 9)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 6 and 8):
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
    - c) The amount of property transactions and the amount of the resultant gains or losses
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 11)

**SYSTEX CORPORATION AND SUBSIDIARIES**

THE RELATIONSHIP AND PERCENTAGE OF OWNERSHIP OF COMPANIES IN THE GROUP  
DECEMBER 31, 2022



Note: Percentage of ownership is 100% unless noted on the chart.

**SYSTEMX CORPORATION AND SUBSIDIARIES**

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 21)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
0	Systemx Corporation	Systemx Software & Service Corporation Systemx Solutions Corporation Concord System Management Corporation	Receivables from related parties Receivables from related parties Receivables from related parties	Y Y Y	\$ 800,000 300,000 500,000	\$ - - 500,000	- - -	- - 2.00	Short-term financing Short-term financing Short-term financing	- - -	Operating capital Operating capital Operating capital	\$ - - -	\$ 2,813,632 2,813,632 2,813,632	\$ 5,627,264 5,627,264 5,627,264	(Note 3) (Note 4) (Note 5)		
1	Systemx Group (China) Ltd.	Systemx Information (Shanghai) Ltd. Systemx Rainbow Tech Inc. Sysware Shenglong Information Systems Co., Ltd. Systemx Ucom (Shanghai) Information Ltd. Co.	Receivables from related parties Receivables from related parties Receivables from related parties Receivables from related parties	Y Y Y Y	135,276 225,460 22,546 225,460	132,282 220,470 22,047 220,470	13,228 88,188 - -	1-6.16 1-6.16 1-6.16 1-6.16	Short-term financing Short-term financing Short-term financing Short-term financing	- - - -	Operating capital Operating capital Operating capital Operating capital	- - - -	2,813,632 2,813,632 2,813,632 2,813,632	5,627,264 5,627,264 5,627,264 5,627,264	(Note 6) (Note 7) (Note 8) (Note 9)		
2	Systemx Information (Shanghai) Ltd.	Systemx Group (China) Ltd. Systemx Rainbow Tech Inc. Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties Receivables from related parties Receivables from related parties	Y Y Y	270,552 45,092 45,092	264,564 44,094 44,094	- - -	1-6.16 1-6.16 1-6.16	Short-term financing Short-term financing Short-term financing	- - -	Operating capital Operating capital Operating capital	- - -	2,813,632 2,813,632 2,813,632	5,627,264 5,627,264 5,627,264	(Note 10) (Note 11) (Note 12)		
3	Systemx Rainbow Tech Inc.	Systemx Group (China) Ltd. Systemx Information (Shanghai) Ltd.	Receivables from related parties Receivables from related parties	Y Y	90,184 45,092	88,188 44,094	- -	1-6.16 1-6.16	Short-term financing Short-term financing	- -	Operating capital Operating capital	- -	2,813,632 2,813,632	5,627,264 5,627,264	(Note 13) (Note 14)		
4	Sysware Shenglong Information Systems Co., Ltd.	Systemx Group (China) Ltd. Systemx Information (Shanghai) Ltd.	Receivables from related parties Receivables from related parties	Y Y	45,092 45,092	44,094 44,094	- 44,094	1-6.16 1-6.16	Short-term financing Short-term financing	- -	Operating capital Operating capital	- -	2,813,632 2,813,632	5,627,264 5,627,264	(Note 15) (Note 16)		
5	Syspower Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	160,000	160,000	160,000	2.00	Short-term financing	-	Operating capital	-	197,749	197,749	(Note 17)		
6	Concord System Management Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	70,000	70,000	-	2.00	Business Relations	233,321	Operating capital	-	233,321	165,928	(Note 18)		
7	Syscore Corporation	Concord System Management Corporation	Receivables from related parties	Y	150,000	150,000	150,000	2.00	Short-term financing	-	Operating capital	-	1,267,435	1,267,435	(Note 19)		
8	Syslink Corporation	Concord System Management Corporation	Receivables from related parties	Y	150,000	150,000	150,000	2.00	Short-term financing	-	Operating capital	-	481,248	481,248	(Note 20)		

Note 1: Loans to individual company shall not exceed 20% of the lender's net equity, except for 40% net equity of Syspower Corporation, Syscore Corporation and Syslink Corporation and the amount of business relations between the company and Concord System Management Corporation. If it is for short-term financing between foreign companies in which the Corporation holds a 100% interest, the financing limit is not subject to the prior limitation but shall not exceed 20% of the Corporation's net equity.

Note 2: Total loans shall not exceed 40% of the lender's net equity. If it is for short-term financing between foreign companies in which the Corporation holds a 100% interest, the total loans are not subject to the prior limitation but shall not exceed 40% of the Corporation's net equity.

Note 3: The highest balance for the period is NT\$800,000 thousand.

Note 4: The highest balance for the period is NT\$500,000 thousand.

Note 5: The highest balance for the period is NT\$500,000 thousand. The ending balance is NT\$500,000 thousand which has not been withdrawn.

(Continued)

Note 6: The highest balance for the period is NT\$135,276 thousand (RMB30,000 thousand). The ending balance is NT\$132,282 thousand (RMB30,000 thousand), including NT\$119,054 thousand (RMB27,000 thousand) which has not been withdrawn.

Note 7: The highest balance for the period is NT\$225,460 thousand (RMB50,000 thousand). The ending balance is NT\$220,470 thousand (RMB50,000 thousand), including NT\$132,282 thousand (RMB30,000 thousand) which has not been withdrawn.

Note 8: The highest balance for the period is NT\$22,546 thousand (RMB5,000 thousand). The ending balance is NT\$22,047 thousand (RMB5,000 thousand) which has not been withdrawn.

Note 9: The highest balance for the period is NT\$225,460 thousand (RMB50,000 thousand). The ending balance is NT\$220,470 thousand (RMB50,000 thousand) which has not been withdrawn.

Note 10: The highest balance for the period is NT\$270,552 thousand (RMB60,000 thousand). The ending balance is NT\$264,564 thousand (RMB60,000 thousand) which has not been withdrawn.

Note 11: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 12: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 13: The highest balance for the period is NT\$90,184 thousand (RMB20,000 thousand). The ending balance is NT\$88,188 thousand (RMB20,000 thousand) which has not been withdrawn.

Note 14: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 15: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 16: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 17: The highest balance for the period is NT\$160,000 thousand. The ending balance is NT\$160,000 thousand which has been withdrawn.

Note 18: The highest balance for the period is NT\$70,000 thousand. The ending balance is NT\$70,000 thousand which has not been withdrawn.

Note 19: The highest balance for the period is NT\$150,000 thousand. The ending balance is NT\$150,000 thousand which has been withdrawn.

Note 20: The highest balance for the period is NT\$150,000 thousand. The ending balance is NT\$150,000 thousand which has been withdrawn.

Note 21: The ending balance of actual amount borrowed has been eliminated in the consolidated financial statements.

(Concluded)

## SYSTEX CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
0	System Corporation	System Information (HK) Ltd. System Group (China) Ltd. System Information (Shanghai) Ltd. System Rainbow Tech Inc. System Ucom (Shanghai) Information Ltd. Co. System Software & Service Corporation	b b b b b b	\$ 3,517,040 3,517,040 3,517,040 3,517,040 3,517,040 3,517,040	\$ 402,688 1,819,322 16,108 48,323 135,276 1,000,000	\$ 383,875 1,759,086 15,355 46,065 132,282 1,000,000	\$ 85,619 643,493 - - 39,949 572,603	\$ - - - - - -	2.73 12.50 0.11 0.33 0.94 7.11	\$ 7,034,080 7,034,080 7,034,080 7,034,080 7,034,080 7,034,080	Y Y Y Y Y Y	N N N N N N	N Y Y Y Y N	(Notes 2 and 3) (Notes 2 and 3) (Notes 2 and 3) (Notes 2 and 3) (Notes 2 and 3) (Notes 2 and 3) (Notes 2 and 3)
1	System Information (Shanghai) Ltd.	System Group (China) Ltd.	d	862,647	225,460	220,470	65,603	220,470	51.11	862,647	N	N	Y	(Notes 4 and 5)

Note 1: There are seven types of relationships between the endorser and the endorsed party.

- Companies that have business dealings.
- A company in which the company directly or indirectly holds more than 50% of the voting shares.
- Companies in which the company directly or indirectly holds more than 50% of the voting shares.
- Companies in which the company directly or indirectly holds more than 90% of the voting shares.
- A company that is mutually insured under a contract between peers or co-founders for the purpose of contracting for work.
- A company whose joint investment is guaranteed by all contributing shareholders in proportion to their shareholdings.
- Inter-industry companies that engage in performance guarantee and joint guarantee for pre-sale contracts in accordance with the Consumer Protection Act.

Note 2: Limits on endorsements/guarantees amount shall not exceed 25% of the net worth of the provider.

Note 3: The maximum balance for the period shall not exceed 50% of the net worth of the provider.

Note 4: Limits on endorsements/guarantees amount shall not exceed 200% of the net worth in previous year end of the provider.

Note 5: The maximum balance for the period shall not exceed 200% of the net worth in previous year end of the provider.

## SYSTEX CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note	
				Number of Shares	Carrying Amount	Percentage of Ownership (%)		Fair Value
Controlling company - Systex Corporation	Ordinary shares							
	GCH Systems		Financial assets at FVTPL - non-current	56,226	\$ -	0.74	\$ -	
	Taiwan Futures Exchange Corporation		"	15,718,664	1,475,146	3.28	1,475,146	
	Saho Corporation		"	795,895	-	1.79	-	
	Far Eastern Electronic Toll Collection Co., Ltd.		"	25,263,076	221,039	8.42	221,039	
	Sysjust Co., Ltd.		"	1,108,592	20,819	4.22	20,819	
	3Probe Technologies Co., Ltd.		"	300,000	1,956	6.42	1,956	
	Da Ho Marketing Co., Ltd.		"	1,260,000	10,981	14.63	10,981	
	Princo Co., Ltd.		"	808,415	-	0.20	-	
	Wegoluck Co., Ltd.		"	471,700	-	3.20	-	
	Yankey Inc.		"	150,000	-	3.57	-	
	Gemini Data Inc.		"	3,404,000	-	1.54	-	
	Prudence Capital Management Co., Ltd.		"	52,184	743	0.50	743	
	Alpha Core Philosophy Co., Ltd.		"	555,560	15,000	1.75	15,000	
	iSpan International Inc.		"	600,000	8,880	6.12	8,880	
	Firstweb Limited.		"	164,500	23,030	2.58	23,030	
	Ennocom Corporation		"	5,000	1,017	-	1,017	
	Preference shares							
	Gemini Data, Inc.			Financial assets at FVTOCI - non-current	7,720,167	-	3.50	-
	Mutual funds							
	Capital Money Market Fund			Financial assets at FVTPL - current	11,600,930	190,080	-	190,080
	Taishin Ta Chong Money Market Fund			"	13,174,412	190,121	-	190,121
	Yuanta De-Li Money Market Fund			"	5,735,295	95,030	-	95,030
FSITC Money Market Fund			"	525,123	95,073	-	95,073	
Fubon Chi-Hsiang Money Market Fund			"	5,976,083	95,076	-	95,076	
UPAMC James Bond Money Market Fund			"	11,218,908	190,118	-	190,118	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
Subordinate company - Ching Pu Investment Corporation	Ordinary shares	Parent company	Financial assets at FVTOCI - non-current	10,981,476	\$ 763,213	4.03	\$ 763,213
	Systex Corporation			2,634,148	165,951	2.65	165,951
	Castles Technology Co., Ltd.			1,177,629	-	6.57	-
	Enova Technology Corp.			8,558,064	-	2.08	-
	Princo Co., Ltd.			1,276,448	23,971	4.85	23,971
	Sysjust Co., Ltd.			28,964	-	0.04	-
	Jasper Display Corp.			64,063	-	0.37	-
	Axtronics Inc.			111,829	-	0.22	-
	Universal EC Inc.			326,000	-	0.54	-
	Taiwan Electronic Packaging Co., Ltd.						
Subordinate company - Taiwan Information Service	Mutual funds		Financial assets at FVTPL - current	3,000,000	63,930	-	63,930
	Fuh Hwa Lengend Fund VI			2,048,677	32,915	-	32,915
	PGIM Money Market Fund			1,000,000	9,958	-	9,958
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund - TWD (A)			875,918	13,462	-	13,462
	Yuanta Wan-Tai Money Market Fund			581,717	8,056	-	8,056
	Pinebridge Taiwan Money Market Fund						
	Ordinary shares			80,000	-	13.11	-
	Changzhou Xinguotai Information Equipment Co., Ltd.			630,000	-	4.50	-
	Taitone International Ltd.			-	-	5.06	-
	Drapacific-Greater China, Inc.						
Subordinate company - Golden Bridge Corporation	Mutual funds		Financial assets at FVTPL - current	168,522	30,511	-	30,511
	FSITC Money Market Fund						
	Mutual funds			332,040	60,116	-	60,116
	FSITC Money Market Fund			2,798,735	40,389	-	40,389
	Taishin Ta-Chong Money Market Fund			2,578,672	42,598	-	42,598
Subordinate company - Taifon Computer Co., Ltd.	Hua Nan Phoenix Money Market Fund						
	PGIM Money Market Fund	1,557,186	25,019	-	25,019		
	Mutual funds	2,875,982	47,123	-	47,123		
	Capital Money Market Fund						
	FSITC Money Market Fund						
Subordinate company - Softmobile Technology Corporation	Mutual funds		Financial assets at FVTPL - current	1,961,598	30,150	-	30,150
	Yuanta Wan Tai Money Market Fund			2,009,489	30,285	-	30,285
	Jih Sun Money Market Fund			2,880,287	35,144	-	35,144
	Yuanta De-Bao Money Market Fund			5,574,867	92,372	-	92,372
	Yuanta De-Li Money Market Fund						

(Continued)



Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
Subordinate company - Hammore Investment Corporation	Ordinary shares Systex Corporation	Parent company	Financial assets at FVTOCI - non-current	21,316,678	\$ 1,481,509	7.83	(Note 2)
	Monterey International Corp.		Financial assets at FVTPL - non-current	1,196,371	10,610	4.68	
	Enova Technology Corp.		"	1,840,046	-	9.87	
	NITS Technology Inc.		"	3,910,646	-	5.83	
Subordinate company - Systex Capital Group, Inc.	Mutual funds PineBridge Taiwan Market Fund	Parent company	Financial assets at FVTPL - current	1,163,323	16,110	-	
	PineBridge Global ESG Quantitative Bond Fund A.		"	968,720	8,615	-	
	Ordinary shares Com2B Corp.		Financial assets at FVTPL - non-current	1,000,000	-	2.22	
	Techgains International Corp.		"	1,500,000	-	4.41	
	Tradetrek.com Inc.		"	1,109,468	-	3.30	
	Sipix Technology Limited		"	279,919	-	0.24	
	Falcon Stor Software Inc.		Financial assets at FVTPL - current	4,000	101	0.07	
	MagiCapital Fund II, L.P.		Financial assets at FVTOCI - non-current	-	162,624	2.91	
	Preference shares Techgains Pan-Pacific Corporation		Financial assets at FVTPL - non-current	3,000,000	-	4.96	
	CipherMax		"	73,703	-	0.74	
	Tonbu Inc.		"	333,333	-	1.38	
	Gemini Data, Inc.		Financial assets at FVTOCI - non-current	25,611,876	46,065	16.11	
Other Current Ventures II Limited	Financial assets at FVTOCI - non-current	2,500,000	-	4.20			
Subordinate company - Systex Capital Group, Inc.	Mutual funds GS Japan Equity Partners Portfolio Class P (ACC) (USD-HEDGED)	Parent company	Financial assets at FVTPL - current	34,096	21,466	-	
	GS US Core SM Equity Portfolio P (ACC) (SNAP) Shares		"	30,284	25,445	-	
	GS GMS Global Equity Portfolio Mutual Fund		"	44,408	26,662	-	
	Wellington Strategic European Equity Portfolio D USD Acc (Hedged)		"	33,745	24,647	-	
	Unit Nomura Funds Ireland PLC A/US High Yield Bond		"	13,450	73,787	-	
	PIMCO Global High Yield Bond		"	145,719	111,473	-	
	RBC Funds(LUX) Global Equity Focus Fund A USD ACC		"	4,416	24,368	-	
	JSS USD HIGH YIELD FUND		"	9,589	35,719	-	
	BLACKROCK BGF CHINA A-SHARE OPPORTUNITIES CLASS A SHARES		"	32,816	11,317	-	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
	GS Emerging Markets Broad Equity Portfolio (ACC) Shares		Financial assets at FVTPL - current	22,011	\$ 10,586	-	\$ 10,586
	GS Multi-manager US Equity Mutual Fund		"	28,786	25,097	-	25,097
	Goldman Sachs High Yield Floating Rate Portfolio Fund		"	7,257	29,821	-	29,821
	BLACKROCK BGF CONTINENTAL EUROPEAN FLEXIBLE FUND		"	22,116	13,054	-	13,054
	GS Multi-manager US Small Cap Equity Fund		"	30,427	12,054	-	12,054
	GS Asia Equity Portfolio Fund		"	21,027	11,559	-	11,559
	Vulcan Value Equity Fund USD Accumulating Class		"	1,719	7,939	-	7,939
Subordinate company - Naturint Corporation	Mutual funds Union Money Market Fund		Financial assets at FVTPL - current	1,147,614	15,396	-	15,396
Subordinate company - Sysecore Corporation	Ordinary shares Far Eastern Electronic Toll Collection Co., Ltd. Jetwell Computer Co., Ltd. GrandTech C.G. Systems Inc.		Financial assets at FVTPL - non-current	7,716,831	67,518	2.57	67,518
			Financial assets at FVTPL - current	72,000	3,730	0.18	3,730
			Financial assets at FVTOCI - non-current	600,000	32,160	0.97	32,160
	Preference shares Taiwanica Capital Buffalo Fund Preference Shares - Class A		Financial assets at FVTPL - non-current	92,600,000	85,734	2.15	85,734
	Limited partnership Digital-Economy limited partnership		Financial assets at FVTPL - non-current	-	39,703	6.29	39,703
	Mutual funds Allianz Global Investors Taiwan Money Market Fund		Financial assets at FVTPL - current	4,200,734	53,498	-	53,498
	Allianz Global Investors US Short Duration High Income Bond Fund		"	3,000,000	30,944	-	30,944
	Fuh Hua Legend Fund VI		"	19,702,970	419,870	-	419,870
	Fuh Hua Money Market Fund		"	3,429,207	50,160	-	50,160
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund - TWD (A)		"	2,000,000	19,916	-	19,916
	Yuanta Wan Tai Money Market Fund		"	729,523	11,212	-	11,212
Subordinate company - Nan Shan Life Insurance Company, Ltd. 1st Perpetual Unsecured Subordinate Corporate Bond Issue in 2016			Financial assets at amortized cost - non-current	-	503,684	-	503,684 (Note 3)

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
Subordinate company - Syslink Corporation	Ordinary shares Onward Security Corporation Caloudi Corporation	Financial assets at FVTPL - non-current Financial assets at FVTOCI - non-current	Financial assets at FVTPL - non-current Financial assets at FVTOCI - non-current	6,630,000	\$ 8,364	11.02	\$ 8,364
	1,225,000			26,342	19.68	26,342	
Subordinate company - Syswiser Technology Corporation	Mutual funds Yuanta Wan Tai Money Market Fund	Financial assets at FVTPL - current	Financial assets at FVTPL - current	145,905	2,242	-	2,242
	Mutual funds UPAMC James Bond Money Market Fund TCB Money Market Fund			654,135 1,365,015	11,085 14,060	- -	11,085 14,060
Subordinate company - Smartsys Technology Corporation	Mutual funds UPAMC James Bond Money Market Fund	Financial assets at FVTPL - current	Financial assets at FVTPL - current	100,612	1,705	-	1,705
	Mutual funds Mega Diamond Money Market Fund Taishin 1699 Money Market Fund			4,346,934 3,664,883	55,405 50,448	- -	55,405 50,448
Subordinate company - Top Information Co., Ltd.	Ordinary shares ISHARES A50 (2823.HK) CSOP A50 (2822.HK)	Financial assets at FVTPL - current "	Financial assets at FVTPL - current "	392,000 397,000	21,627 20,950	- -	21,627 20,950
	Mutual funds ALLIANZ INCOME AND GROWTH-CLASS AT ACC(USD) ALLIANZ GLOBAL ARTIFICIAL INTELLIGENCE-CLASS AT ACC(USD) ALLIANZ TOTAL RETURN ASIAN EQUITY-CLASS A DIS(USD) ALLIANZ CHINA A SHARES SHS-AT(USD)			41,771 15,768 10,167 75,810	26,182 8,237 10,107 28,496	- - - -	26,182 8,237 10,107 28,496
Subordinate company - Kimo.com (BVI) Corporation	Other New Economy Ventures L.P.	Financial assets at FVTPL - non-current	Financial assets at FVTPL - non-current	-	75,087	14.73	75,087
	Preference shares XREX Inc.			254,148	11,056	0.96	11,056
Subordinate company - Syslong Corporation	Ordinary shares SMY Internet of Package Co., Ltd.	Financial assets at FVTOCI - non-current	Financial assets at FVTOCI - non-current	234,568	15,716	19.00	15,716
	Mutual funds Fubon Chi-Hsiang Money Market Fund			15,589,282	248,016	-	248,016

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
Subordinate company - Systex Solutions Corporation	Mutual funds		Financial assets at FVTPL - current	331,657	\$ 60,046	-	\$ 60,046
	FSITC Money Market Fund			752,483	10,095	-	10,095
	Union Money Market Fund			2,832,099	40,002	-	40,002
	SinoPac TWD Money Market Fund			1,632,088	25,084	-	25,084
Subordinate company - MISYS Corporation	Mutual funds		Financial assets at FVTPL - current	9,238,549	95,155	-	95,155
	TCB Taiwan Money Market Fund						
Subordinate company - Docutek Solutions, Inc.	Mutual funds		Financial assets at FVTPL - current	906	1,526	-	1,526
	JPMorgan Funds - US Technology Fund A (ACC) - USD						
Subordinate company - Systex Software & Service Corporation	Mutual funds		Financial assets at FVTPL - current	5,664,038	80,002	-	80,002
	SinoPac TWD Money Market Fund						
Subordinate company - Concord System Management Corporation	Mutual funds		Financial assets at FVTPL - current	4,130,720	70,000	-	70,000
	UPAMC James Bond Money Market Fund						

Note 1: The securities mentioned in this table above are those classified as financial instruments under IFRS 9, including shares, bonds, mutual funds, and all other securities derived from those items.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 3: The carrying amount includes the unamortized bond premium of \$3,684 thousand generated from acquiring the bonds from the Corporation and Ching Pu Investment Corporation. In preparing the consolidated financial statements, the amount has been eliminated.

Note 4: Refer to Tables 9 and 10 for information on investment in subsidiaries and associates.

(Concluded)

### SYSTEX CORPORATION AND SUBSIDIARIES

#### MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance	
					Number of Shares	Amount (Note 1)	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Gain on Disposal
Controlling company - Systex Corporation	Mutual funds											
	Fuh Hwa Money Market Fund	Financial assets at FVTPL - current	-	-	13,185,153	\$ 192,010	29,851,462	\$ 435,000	\$ 627,170	\$ 627,010	160	\$ -
	Capital Money Market Fund	Financial assets at FVTPL - current	-	-	9,210,164	150,049	23,214,480	380,000	340,397	340,049	348	11,600,930
	Taishin Ta-Chong Money Market Fund	Financial assets at FVTPL - current	-	-	13,387,966	192,068	26,378,818	380,000	382,447	382,068	379	13,174,412
	Yuanta De-Li Money Market Fund	Financial assets at FVTPL - current	-	-	14,578,709	240,034	16,962,141	280,000	425,311	425,034	277	5,735,295
	FSITC Money Market Fund	Financial assets at FVTPL - current	-	-	527,166	95,000	3,351,448	605,000	605,197	605,000	197	525,123
Subordinate company - Systex Software & Service Corporation	UPAMC James Bond Money Market Fund	Financial assets at FVTPL - current	-	-	8,896,596	150,053	22,468,574	380,000	340,485	340,053	432	11,218,908
	Mutual funds											
	Taishin Ta-Chong Money Market Fund	Financial assets at FVTPL - current	-	-	4,878,151	70,000	29,198,263	420,000	490,415	490,000	415	-
	Mega Diamond Money Market Fund	Financial assets at FVTPL - current	-	-	8,678,700	109,997	32,319,004	410,000	520,158	519,997	161	-
	SinoPac TWD Money Market Fund	Financial assets at FVTPL - current	-	-	7,120,833	100,000	46,883,021	660,000	680,475	680,000	475	5,664,038
	Ordinary shares	Investments accounted for using equity method	-	-	100,000,000	1,000,000	60,000,000	600,000	-	-	-	160,000,000 (Note 2)
Subordinate company - Systex Capital Group, Inc.	Ordinary shares	Investments accounted for using equity method	-	-	100,000,000	1,000,000	30,000,000	300,000	-	-	-	1,300,000 (Note 2)
	Ordinary shares	Investments accounted for using equity method	-	-	65,000,000	650,000	75,000,000	750,000	-	-	-	1,400,000 (Note 2)

Note 1: Financial assets at fair value through profit or loss and investments accounted for using equity method are measured at acquisition costs.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

## SYSTEX CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship	Transaction Details		Abnormal Transaction		Notes/Accounts Receivable (Payable) Ending Balance (Note)	% of Total		
			Purchase/Sale	Amount (Note)	% of Total	Payment Terms			Unit Price	Payment Terms
Controlling company - Systex Corporation	Systex Software & Service Corporation	Subsidiary	Sale	\$ (111,376)	2	78 days after transaction month	\$ -	-	28,568	1
	Syspower Corporation	Subsidiary	Purchase	1,022,212	19	78 days after transaction month	-	-	(675,288)	32
	Dawning Technology Inc.	Subsidiary	Purchase	109,568	2	78 days after transaction month	-	-	(10,080)	-
	Palsys Digital Technology Corporation	Subsidiary	Purchase	155,016	3	78 days after transaction month	-	-	(41,175)	2
Subordinate company - Systex Software & Service Corporation	Palsys Digital Technology Corporation	Subsidiary	Purchase	138,212	3	78 days after transaction month	-	-	(27,009)	1
	Docutek Solutions, Inc.	Subsidiary	Purchase	222,665	4	78 days after transaction month	-	-	(5,503)	-
	Systex Corporation	Parent company	Purchase	111,376	1	78 days after transaction month	-	-	(28,568)	3
	Systex Corporation	Parent company	Sale	(1,022,212)	11	78 days after transaction month	-	-	675,288	40
Subordinate company - Concord System Management Corporation	Palsys Digital Technology Corporation	Associate	Purchase	190,488	12	78 days after transaction month	-	-	(9,968)	4
	Systex Corporation	Parent company	Sale	(109,568)	46	78 days after transaction month	-	-	10,080	17
Subordinate company - Dawning Technology Inc.	Systex Corporation	Parent company	Sale	(155,016)	4	78 days after transaction month	-	-	41,175	4
	Palsys Digital Technology Corporation	Parent company	Sale	(138,212)	10	78 days after transaction month	-	-	27,009	11
Subordinate company - Docutek Solutions, Inc.	Concord System Management Corporation	Associate	Sale	(190,488)	14	78 days after transaction month	-	-	9,968	4
	Systex Corporation	Parent company	Sale	(222,665)	72	78 days after transaction month	-	-	5,503	18
Subordinate company - Systex Group (China) Ltd.	Systex Ucom (Shanghai) Information Ltd. Co.	Associate	Purchase	295,692	12	120 days after transaction month	-	-	(21,743)	3

(Continued)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchase/Sale	Amount (Note)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% of Total
Subordinate company - Systex Ucom (Shanghai) Information Ltd. Co.	System Group (China) Ltd.	Associate	Sale	\$ (295,692)	86	120 days after transaction month	\$ -	-	\$ 21,743	34
Subordinate company - Rainbow Tech Information (HK) Ltd.	System Information (HK) Ltd.	Associate	Purchase	176,706	79	30 days after transaction month	-	-	(21,153)	77
Subordinate company - Systex Information (HK) Ltd.	Rainbow Tech Information (HK) Ltd.	Associate	Sale	(176,706)	15	30 days after transaction month	-	-	21,153	8

Note: In preparing the consolidated financial statements, the transaction has been eliminated.

(Concluded)

**SYSTEX CORPORATION AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022**

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Subordinate company - Systex Software & Service Corporation	Systex Corporation	Parent company (Note)	\$ 678,472	2.27	\$ -	-	\$ 25,034	\$ -

Note: In preparing the consolidated financial statements, the transaction has been eliminated.





No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms	
		Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation UniXecure Corporation UniXecure Corporation Docutek Solutions, Inc. Docutek Solutions, Inc.	a a a a a a a a a	Sales Cost of goods sold Service cost Receivables from related parties Payables to related parties Acquisition of property, plant and equipment and intangible assets Service cost Payables to related parties Cost of goods sold Payables to related parties	\$ 7,967 138,212 14,066 8,429 27,009 6,119 3,284 3,127 222,665 5,503	Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days	- - - - - - - - 1 -
1	System Software & Service Corporation	Syspower Corporation System Solutions Corporation System Solutions Corporation System Solutions Corporation Softmobile Technology Corporation Softmobile Technology Corporation Taifon Computer Co., Ltd. Dawning Technology Inc. Dawning Technology Inc. Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation System Group (China) Ltd. System Rainbow Tech Inc. System Rainbow Tech Inc. System Information (Shanghai) Ltd.	b b b b b b b b b b b b b b b b b	Cost of goods sold Sales Service cost Payables to related parties Cost of goods sold Service cost Sales Cost of goods sold Payables to related parties Cost of goods sold Service cost Payables to related parties Sales Receivables from related parties Receivables from related parties Sales Receivables from related parties	7,789 2,766 2,406 4,168 6,817 8,150 3,374 83,994 9,238 34,908 8,388 5,258 43,653 26,433 12,496 12,090 4,264	Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 90 days Net 90 days Net 90 days Net 90 days	- - - - - - - - - - - - - - - - -
2	Syspower Corporation	Concord System Management Corporation System Solutions Corporation Softmobile Technology Corporation Naturint Corporation Dawning Technology Inc. Dawning Technology Inc. Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation Palsys Digital Technology Corporation	b b b b b b b b b b b b	Sales Service cost Service cost Operating expenses Cost of goods sold Payables to related parties Sales Cost of goods sold Service cost Interest revenue Receivables from related parties (including interest receivables)	4,577 4,752 3,371 8,700 5,771 2,818 4,851 6,540 17,908 3,027 161,876	Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Net 78 days Short-term financing, with a term of one year Short-term financing, with a term of one year	- - - - - - - - - - 1

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details				% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms		
3	Concord System Management Corporation	Top Information Technologies Co., Ltd.	b	Service cost	\$ 3,288	Net 78 days	-	
		Top Information Technologies Co., Ltd.	b	Payables to related parties	2,935	Net 78 days	-	
		Syscore Corporation	b	Interest expense	510	Short-term financing, with a term of one year	-	
		Syscore Corporation	b	Payables to related parties (including interest payables)	150,510	Short-term financing, with a term of one year	1	
		Syslink Corporation	b	Interest expense	132	Short-term financing, with a term of one year	-	
		Syslink Corporation	b	Payables to related parties (including interest payables)	150,132	Short-term financing, with a term of one year	1	
		Dawning Technology Inc.	b	Cost of goods sold	4,176	Net 78 days	-	
		Palsys Digital Technology Corporation	b	Cost of goods sold	190,488	Net 78 days	1	
		Palsys Digital Technology Corporation	b	Service cost	59,757	Net 78 days	-	
		Palsys Digital Technology Corporation	b	Interest revenue	1,168	Short-term financing, with a term of one year	-	
4	Systex Solutions Corporation	Palsys Digital Technology Corporation	b	Payables to related parties	9,968	Net 78 days	-	
		Docutek Solutions, Inc.	b	Cost of goods sold	2,659	Net 78 days	-	
		Dawning Technology Inc.	b	Cost of goods sold	23,213	Net 78 days	-	
		Dawning Technology Inc.	b	Payables to related parties	7,256	Net 78 days	-	
		Palsys Digital Technology Corporation	b	Cost of goods sold	59,146	Net 78 days	-	
		Palsys Digital Technology Corporation	b	Service cost	2,125	Net 78 days	-	
		Taiwan Information Service Technology Co., Ltd.	b	Service cost	3,486	Net 78 days	-	
		UniXecure Corporation	b	Service cost	30,140	Net 78 days	-	
		UniXecure Corporation	b	Payables to related parties	16,456	Net 78 days	-	
		UniXecure Corporation	b	Disposal of property, plant and equipment and intangible assets	3,484	-	-	
5	Softmobile Technology Corporation	Top Information Technologies Co., Ltd.	b	Service cost	3,469	Net 78 days	-	
6	Taifon Computer Co., Ltd.	Dawning Technology Inc.	b	Cost of goods sold	27,647	Net 78 days	-	
		Dawning Technology Inc.	b	Payables to related parties	8,904	Net 78 days	-	
		Palsys Digital Technology Corporation	b	Cost of goods sold	4,877	Net 78 days	-	
7	Top Information Technologies Co., Ltd.	Dawning Technology Inc.	b	Cost of goods sold	2,595	Net 78 days	-	
		Palsys Digital Technology Corporation	b	Cost of goods sold	3,900	Net 78 days	-	
8	Docutek Solutions, Inc.	Docutek Services Corporation	b	Service cost	20,676	Net 78 days	-	
9	Systex Group (China) Ltd.	Systex Rainbow Tech Inc.	b	Sales	2,148	Net 120 days	-	
		Systex Rainbow Tech Inc.	b	Cost of goods sold	13,970	Net 120 days	-	
		Systex Rainbow Tech Inc.	b	Service cost	3,686	Net 120 days	-	
		Systex Rainbow Tech Inc.	b	Interest revenue	2,686	Short-term financing, with a term of one year	-	
		Systex Rainbow Tech Inc.	b	Receivables from related parties (including interest receivables)	88,188	Short-term financing, with a term of one year	-	
		Systex Rainbow Tech Inc.	b	Payables to related parties	18,705	Net 120 days	-	

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms	
		System Information (Shanghai) Corporation System Information (Shanghai) Corporation System Ucom (Shanghai) Information Ltd. Co. System Ucom (Shanghai) Information Ltd. Co. System Ucom (Shanghai) Information Ltd. Co. System Ucom (Shanghai) Information Ltd. Co.	b b b b b b	Interest revenue Receivables from related parties (including interest receivables) Sales Cost of goods sold Receivables from related parties Payables to related parties	\$ 575 13,228 45,758 295,692 31,525 21,743	Short-term financing, with a term of one year Short-term financing, with a term of one year Net 120 days Net 120 days Net 120 days Net 120 days	- - - 1 - -
10	System Information (HK) Corporation	Rainbow Tech Information (HK) Corporation Rainbow Tech Information (HK) Corporation Rainbow Tech Information (HK) Corporation	b b b	Sales Other revenue Receivables from related parties	292,148 26,773 49,802	Net 30 days Net 30 days Net 30 days	1 - -
11	System Rainbow Tech Inc.	System Information (Shanghai) Corporation System Information (Shanghai) Corporation Rainbow Tech Information (HK) Corporation	b b b	Sales Receivables from related parties Cost of goods sold	3,372 2,198 18,498	Net 120 days Net 120 days Net 120 days	- - -
12	Sysware Shenglong Information Systems Corporation	System Information (Shanghai) Corporation System Information (Shanghai) Corporation	b b	Interest revenue Receivables from related parties (including interest receivables)	1,608 44,094	Short-term financing, with a term of one year Short-term financing, with a term of one year	- -

Note 1: The method of filling in the number:

- a. Parent is numbered 0.
- b. Subsidiaries are sequentially numbered starting from 1.

Note 2: Categories of relationships:

- a. Parent to subsidiary.
- b. Between subsidiaries.

Note 3: Percentage of transaction amount to total consolidated operating revenue or assets is calculated as follows:

For balance sheet accounts: Transaction amount ÷ Total consolidated assets

For income statement accounts: Accumulated transaction amount in current period ÷ Total consolidated operating revenues.

(Concluded)

## SYSTEX CORPORATION AND SUBSIDIARIES

### INFORMATION ON INVESTEEES

#### FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note	
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)				Carrying Amount
Systex Corporation	Systex Infopro Co., Ltd. Hanmore Investment Corporation Ching Pu Investment Corporation Concord System Management Corporation	Thailand	Sale of computer and peripheral equipment General investment activities General investment activities Design, assessment and planning of computer system and application software and data-processing system, sale and lease of computer hardware, peripheral equipment and spare parts, and repairs and maintenance services Data storage media units manufacturing, installation of computer, and sale and development of computer software Design of computer hardware and software equipment system, computer room installation, and maintenance, sale, lease and consultation Maintenance and warranty of equipment of internet and information security, and consultation on network infrastructure and information security General investment activities Sale and development of computer software, data-processing services Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software Design, construction and sale of telecom instrument, electronic calculator and computer Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment Investment activities including financial trust and holding Investment activities including financial trust and holding Installation, sale, information software, data processing and other consultation on computer software and related equipment, network certification and software publication Securities investment advisor	2,200	2,200	20,000	20.00	\$ 3,655	\$ 25,031	-	
		Taiwan		47,125	47,125	9,640,680	48.92	20,291	88,857	(329)	Subsidiary (1, 3)
		Taiwan		50,472	50,472	38,437,500	100.00	587,013	76,054	30,654	Subsidiary (2, 3)
		Taiwan		485,393	485,393	23,113,372	100.00	413,179	72,548	71,849	Subsidiary (3)
	Systemweb Technologies Co.	Taiwan		86,950	86,950	3,245,000	32.45	54,756	6,391	2,094	-
	Taifon Computer Co., Ltd.	Taiwan		220,310	220,310	20,000,000	100.00	319,583	53,623	53,739	Subsidiary (3)
	Sanfran Technologies Inc.	Taiwan		20,067	20,067	2,518,989	12.26	54,313	122,849	16,426	-
	Golden Bridge Corporation	Taiwan		230,000	230,000	23,000,000	100.00	309,089	52,441	52,441	Subsidiary (3)
	Systex Software & Service Corporation	Taiwan		450,000	450,000	54,450,000	100.00	1,249,158	506,500	506,201	Subsidiary (3)
	Syspower Corporation	Taiwan		15,195	15,195	1,096,200	4.50	22,136	80,962	3,781	Subsidiary (3)
	Systex Solutions Corporation	Taiwan		260,000	260,000	26,000,000	100.00	317,688	37,968	37,606	Subsidiary (3)
	Nexsys Corporation	Taiwan		290,500	415,000	13,996,500	70.00	268,672	78,957	68,583	Subsidiary (3)
	Systex Capital Group, Inc.	British Virgin Island		91,695	91,695	550	100.00	2,458,889	(194,681)	(194,441)	Subsidiary (3)
	Kimo.com (BVI) Corporation	British Virgin Island		13,185	13,185	500,000	100.00	4,144,305	(98,840)	(97,831)	Subsidiary (3)
	Naturint Corporation	Taiwan		20,000	20,000	2,000,000	100.00	21,162	(72)	(72)	Subsidiary (3)
	FinRobo Advisor Securities Investment Consulting Co., Ltd.	Taiwan		16,500	16,500	1,016,293	30.00	-	(2,256)	(202)	-
	Mohist Web Technology Co.	Taiwan		25,600	25,600	400,000	40.00	11,107	2,092	(141)	-
	Shengsen Cloud Technology Retail System Co.	Taiwan		10,800	10,800	905,084	30.00	3,505	(21,160)	(7,002)	-
		Taiwan		24,000	24,000	780,000	30.00	26,649	336	(197)	-

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Ching Pu Investment Corporation	Frog-jump Information Co., Ltd. GenSys Technology (International) Ltd.	Taiwan Hong Kong	Information software service Design, assessment and planning of computer system and application software and data-processing system	\$ 18,969 31,640	\$ 18,969 31,640	783,202 8,000,000	10.00 33.60	\$ 13,071 -	\$ 21,881 (1,112)	- -	
	Genesis Technology Inc.	Taiwan	Wholesale of electronic apparatus, electronic equipment, computer and computer peripheral equipment, planning, analyzing and design of system, data processing, co-location and internet hosting services	798,172	798,172	23,081,693	27.97	992,878	321,740	63,033	
	E-Service Information Corporation	Taiwan	Information software service, intellectual property rights, printing and data storage media manufacturing and copying	89,500	89,500	8,000,000	100.00	95,969	9,772	8,952	Subsidiary (3)
	Bao Ruh Electronic Co., Ltd.	Taiwan	Manufacturing and sale of tricker system equipment, e-payment machine, IC electronic card, vehicle trip recorder, satellite position system, access control system	128,363	128,363	4,339,500	29.72	74,347	38,685	11,475	-
	Taiwan Information Service Technology Corporation	Taiwan	Installation, sale, information software, data processing and other consultation on computer software and related equipment	89,965	89,965	16,630	67.38	38,437	1,693	1,141	Subsidiary (3)
	Collaboration Co. Ltd. UniXsecure Corporation	Taiwan Taiwan	General investment activities	200,015 50,000	200,015 50,000	6,160,000 5,000,000	44.55 100.00	207,101 42,141	36,799 (6,707)	13,558 (7,774)	- Subsidiary (3)
	Dawning Technology Inc.	Taiwan	Design, construction and sale of telecom instrument, electronic calculator and computer	-	-	-	-	-	41,184	10,519	Subsidiary (3)
	Docutek Solutions, Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	286,000	-	7,568,413	54.92	274,150	64,240	7,765	Subsidiary (3)
	MISYS Corporation	Taiwan	Information software service	100,000	-	10,000,000	100.00	99,737	(263)	(263)	Subsidiary (3)
	Taiwan Electronic Data Processing Corporation	Taiwan	Design, installation, maintenance, lease and consultation on computer software and hardware equipment system, computer room engineering, network equipment system integration, and wholesale and retailing of medical appliances	155,131	169,049	2,698,643	69.59	25,008	44	-	Subsidiary (3)
Golden Bridge Corporation	Investment Media Ltd. Syspower Corporation	Taiwan Taiwan	Magazine and book publishing Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	95,600 162,789	95,600 162,789	4,000,000 9,052,889	40.00 37.16	72,721 183,723	(105,665) 80,962	- -	- Subsidiary (3)
	Syspower Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	189,023	189,023	10,331,022	42.41	209,662	80,962	-	Subsidiary (3)
	Softmobile Technology Corporation	Taiwan	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	80,000	80,000	3,661,875	100.00	62,876	18,085	-	Subsidiary (3)

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Syscore Corporation	Syslink Corporation Syslong Corporation Neweb Information Co., Ltd.	Taiwan	General investment activities General investment activities Setup and maintenance of computer room, maintenance and setup of system integration, cloud system integration service, management and maintenance of system and database, backup storage service, setup and consultation of internet and information security Printing, printed matter binding and processing, and wholesale of computers and peripheral equipment Wholesale of electronic apparatus, electronic equipment, computer and computer peripheral equipment, planning, analyzing and design of system, other data processing, co-location and internet hosting services	\$ 1,400,000	\$ 650,000	140,000,000	100.00	\$ 1,203,121	\$ -	Subsidiary (3)	
		Taiwan		250,000	250,000	25,000,000	100.00	266,012	-	Subsidiary (3)	
		Taiwan		93,000	93,000	3,100,000	30.22	54,695	-	-	
Syslink Corporation	Fuco Technology Co., Ltd. Genesis Technology Inc. Smartsys Technology Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software Type II telecommunications business, internet certificates service, and retail sale of computer software	43,460	43,460	1,640,000	40.00	25,748	-	-	
		Taiwan		71,994	71,994	3,256,388	3.95	136,801	-	-	
		Taiwan		15,000	15,000	1,500,000	50.00	12,522	-	Subsidiary (3)	
Concord System Management Corporation	Syswisser Technology Corporation Dawning Technology Inc. AIWin Technology Co., Ltd.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	10,000	10,000	1,000,000	100.00	6,386	-	Subsidiary (3)	
		Taiwan		743,963	446,595	32,608,896	91.60	632,155	-	Subsidiary (3)	
		Taiwan		12,000	12,000	300,000	20.00	-	-	-	
Kimo.com (BYI) Corporation	CKmates International Co., Ltd. Top Information Technologies Co., Ltd. Systex Information (HK) Ltd.	Taiwan	Type II telecommunications business, internet certificates service, and retail sale of computer software Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services Sale of computer and peripheral equipment, retailing and processing of information of software Investment activities including financial trust and holding Sale of computer and peripheral equipment, retailing and processing of information of software	60,002	60,002	3,117,000	25.00	11,709	-	-	
		Taiwan		152,608	152,608	18,000,000	100.00	212,700	-	Subsidiary (3)	
		Hong Kong		860,852	860,852	207,736,600	100.00	683,368	-	Subsidiary (3)	
Syscore Corporation	Systex Solutions (HK) Limited Rainbow Tech Information (HK) Ltd. Syscore Corporation Gemini Data	Hong Kong	Investment activities including financial trust and holding Sale of computer and peripheral equipment, retailing and processing of information of software General investment activities IT services, software development, wholesale and retail of computers and related equipment, electronic data processing and related services Online and offline mobile payment, one-stop smart collection and trade, Information Technology Services Mobile Network Construction, ICT infrastructure Construction, DX/ICT solution services, AI consultations	316,050	529,907	10,400,000	100.00	339,188	-	Subsidiary (3)	
		Hong Kong		58,384	58,384	14,607,765	49.00	61,217	-	Subsidiary (3)	
		Taiwan		1,600,000	1,000,000	160,000,000	55.17	1,748,187	-	Subsidiary (3)	
QFPay Haojin FinTech Limited	QFPay Haojin FinTech Limited	Taiwan	General investment activities IT services, software development, wholesale and retail of computers and related equipment, electronic data processing and related services Online and offline mobile payment, one-stop smart collection and trade, Information Technology Services Mobile Network Construction, ICT infrastructure Construction, DX/ICT solution services, AI consultations	24,485	-	11,000	100.00	23,715	-	Subsidiary (3)	
		Hong Kong		95,574	-	45,834	22.92	92,410	-	-	
		Japan		106,435	-	200	20.00	114,624	-	-	

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
System Capital Group, Inc.	Syscore Corporation	Taiwan	General investment activities	\$ 1,300,000	\$ 1,000,000	130,000,000	44.83	\$ 1,420,402	\$ (182,355)	Subsidiary (3)	
Dawning Technology Inc.	Neo Trend Tech Corporation	Taiwan	Cable installation engineering, other computer-related service, circuit engineering, and wireless communication service	20,000	20,000	2,000,000	25.00	13,824	3,982	-	
Syspower Corporation	Palsys Digital Technology Corporation	Taiwan	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	193,500	193,500	21,788,100	79.26	261,301	42,204	Subsidiary (3)	
System Software & Service Corporation	Smartsys Technology Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	15,000	15,000	1,500,000	50.00	12,522	(2,993)	Subsidiary (3)	
Docutek Solutions, Inc.	ANSecurity Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	10,000	10,000	2,674,443	100.00	48,192	9,801	Subsidiary (3)	
ANSecurity Inc.	Docutek Services Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	5,800	5,800	3,432,551	100.00	45,542	10,352	Subsidiary (3)	

Note 1: The carrying amount deducts the reclassification of the Corporation's shares held by the subsidiary from equity-method investments into treasury share of \$51,561,717 thousand, which is calculated by the investment cost amounting to \$1,076,171 thousand at 48.92% (the ownership percentage owned by the Corporation).

Note 2: The carrying amount deducts the reclassification of the Corporation's shares held by the subsidiary from equity-method investments into treasury share of \$412,826 thousand, which is calculated by the investment cost amounting to \$412,826 thousand at 100.00% (the ownership percentage owned by the Corporation).

Note 3: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 4: Refer to Table 10 for information on investments in Mainland China.

(Concluded)



**SYSTEX CORPORATION AND SUBSIDIARIES**

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Changzhou Xingtaotai Information Equipment Co., Ltd.	Manufacture, service and sales of software and computer - related products	\$ 21,198	a	\$ 2,780	\$ -	\$ -	\$ 2,780	\$ -	9.10	\$ -	\$ -	\$ -	
Systek Information (Shanghai) Ltd.	Sale of computer and peripheral equipment, retailing and processing of information software	998,503	b	998,503	-	-	998,503	4,374	100.00	4,374	442,422	-	Subsidiary (Note 2)
Sysware Shenglong Information Systems Co., Ltd.	Design of computer system, information processing service provider, retailing of computer and peripheral equipment	181,489	b	181,489	-	-	181,489	(45,566)	100.00	(45,566)	58,803	-	Subsidiary (Note 2)
Systex Group (China) Ltd.	Management consultation, marketing and sale, and capital and operation financial management	292,700	b	292,700	-	-	292,700	18,908	100.00	18,908	103,538	-	Subsidiary (Note 2)
Systex Rainbow Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	20,276	100.00	20,276	300,337	-	Subsidiary (Note 2)
Systex Ucom (Shanghai) Information Ltd. Co.	Software design and data processing, retailing and service of software	-	b	-	-	-	-	2,451	100.00	2,451	40,546	-	Subsidiary (Note 2)
Sunlight-tech Inc.	Manufacture of Internet-related software and hardware systems, video service systems, audio and video on-demand systems, multimedia and network video equipment	551,210	b	220,484	-	-	220,484	-	40.00	-	-	-	-
Shanghai Mudao Financial Information Service Co., Ltd.	Financial information services, computer software development and technology development, technology transfer, technology consulting, technical services, consulting and research in market information, asset management, supply chain management, investment management, investment consulting, business information consulting, financial consulting in the fields of computer technology, information technology and data technology.	14,504	b	-	-	-	-	(1,119)	29.62	(612)	-	-	-
Systex Rainbow (Guangzhou) Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	(368)	100.00	(368)	3,301	-	Subsidiary (Note 2)

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$1,695,956	\$1,695,956	\$8,440,896

(Continued)

Note 1: The methods of investment are as follows:

- a. Investment in China through remittances from third regions.
- b. Reinvestment in China through the third-region investment companies.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

(Concluded)

**SYSTEX CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hanmore Investment Corporation (Hanmore)	21,316,678	7.83
Joray Co., Ltd.	21,072,559	7.74

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

## **Systemx Corporation**

### **Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Systex Corporation

### **Opinion**

We have audited the accompanying financial statements of Systex Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

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

The key audit matter identified in the Corporation's financial statements for the year ended December 31, 2022 is stated as follows:

#### Valuation of Receivables

As of December 31, 2022, notes receivable and accounts receivable amounted to \$1,907,811 thousand. When assessing the impairment of receivables, the management of the Corporation uses the expected credit loss model based on the lifetime expected credit loss. The valuation of receivables involves significant accounting estimates and judgements of the management. Therefore, we considered the valuation of receivables as a key audit matter. For the disclosures related to receivables, refer to Notes 5 and 9 to the financial statements.

Our audit procedures performed in respect of the abovementioned key audit matter included the following:

1. We obtained the reports of impairment of receivables and assessed the reasonableness of the expected credit loss model and data used in the reports.
2. We tested the aging schedule of receivables and reviewed the calculation of expected credit loss to confirm the accuracy of the expected credit loss recognized on receivables.
3. We tested the recoverability of receivables by analyzing overdue accounts and verifying cash receipts in the subsequent period. For a receivable that was past due but not yet received, we assessed the reasonableness of the expected credit loss based on the customer's payment history, customer credit control and tracking of overdue receivables.

#### **Other Matter**

We did not audit the financial statements of Collaboration Co., Ltd., which is investee of the Corporation and is accounted for using the equity method, Genesis Technology Inc., which is investee of the Corporation and Syscore Corporation and is accounted for using the equity method, Systex Information (H.K.) Limited and Rainbow Tech Information (HK) Limited, which are investees of Kimo.com (BVI) Corporation and are accounted for using the equity method, Dawning Technology Inc., which is investee of Syslink Corporation and is accounted for using the equity method for the year ended December 31, 2022, the financial statements of Collaboration Co., Ltd., which is investee of the Corporation and is accounted for using the equity method, Genesis Technology Inc., which is investee of the Corporation and Syscore Corporation and is accounted for using the equity method, Systex Information (H.K.) Limited and Rainbow Tech Information (HK) Limited, which are investees of Kimo.com (BVI) Corporation and are accounted for using the equity method, Dawning Technology Inc. and CKmates International Co., Ltd, which are investees of Syslink Corporation and are accounted for using the equity method for the year ended December 31, 2021, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of other auditors. The aggregate amounts of aforementioned investments accounted for using the equity method were \$2,713,520 thousand and \$2,246,244 thousand, respectively, representing 12.44% and 11.15%, respectively, of the Corporation's total assets as of December 31, 2022 and 2021. The aggregate comprehensive income (loss) of these investees were \$242,433 thousand and \$(7,243) thousand, respectively, representing 15.36% and (0.58%), respectively, of the Corporation's comprehensive income for the years ended December 31, 2022 and 2021.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

The engagement partners on the audits resulting in this independent auditors' report are Shu-Wan Lin and Cheng-Hung Kuo.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 22, 2023

Notice to Readers

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

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



# SYSTEX CORPORATION

## BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash (Notes 4 and 6)	\$ 395,174	2	\$ 338,114	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	855,498	4	1,372,250	7
Notes receivable, net (Notes 4, 5, 9 and 18)	18,031	-	18,964	-
Accounts receivable, net (Notes 4, 5, 9 and 18)	1,889,780	9	1,330,805	7
Receivables from related parties (Note 25)	121,707	1	413,757	2
Other receivables	46,524	-	38,047	-
Inventories (Notes 4 and 10)	1,409,706	7	890,281	4
Prepayments	747,266	3	603,874	3
Other financial assets - current (Notes 26 and 27)	226,017	1	87,411	-
Refundable deposits - current	95,223	-	89,608	1
Other current assets (Note 20)	25,820	-	28,904	-
Total current assets	<u>5,830,746</u>	<u>27</u>	<u>5,212,015</u>	<u>26</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,729,941	8	1,397,540	7
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	48,670	-	25,549	-
Investments accounted for using equity method (Notes 4 and 11)	12,122,981	56	11,524,464	57
Property, plant and equipment (Notes 4 and 12)	1,619,463	7	1,612,071	8
Right-of-use assets (Notes 4 and 13)	177,653	1	129,062	1
Computer software (Note 4)	101,300	1	62,347	-
Deferred tax assets (Notes 4 and 20)	19,408	-	16,916	-
Refundable deposits - non-current	92,077	-	88,390	1
Long-term receivables (Notes 4 and 9)	6,773	-	9,150	-
Other financial assets - non-current (Notes 26 and 27)	35,549	-	49,653	-
Other non-current assets	25,337	-	21,489	-
Total non-current assets	<u>15,979,152</u>	<u>73</u>	<u>14,936,631</u>	<u>74</u>
<b>TOTAL</b>	<u>\$ 21,809,898</u>	<u>100</u>	<u>\$ 20,148,646</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term loans (Notes 4 and 14)	\$ 380,000	2	\$ -	-
Contract liabilities (Notes 4 and 18)	896,590	4	656,142	3
Notes and accounts payable	1,267,784	6	1,306,461	7
Payables to related parties (Note 25)	889,935	4	417,286	2
Other payables	796,132	4	734,774	4
Lease liabilities - current (Notes 4 and 13)	71,404	-	79,975	-
Current tax liabilities (Notes 4 and 20)	1,715	-	14,219	-
Other current liabilities	218,931	1	180,737	1
Total current liabilities	<u>4,522,491</u>	<u>21</u>	<u>3,389,594</u>	<u>17</u>
<b>NON-CURRENT LIABILITIES</b>				
Bonds payable (Notes 4 and 15)	2,995,420	14	2,994,442	15
Deferred tax liabilities (Notes 4 and 20)	5,909	-	5,931	-
Lease liabilities - non-current (Notes 4 and 13)	109,180	1	50,871	-
Net defined benefit liabilities - non-current (Notes 4 and 16)	103,737	-	199,283	1
Other non-current liabilities	5,000	-	5,186	-
Total non-current liabilities	<u>3,219,246</u>	<u>15</u>	<u>3,255,713</u>	<u>16</u>
Total liabilities	<u>7,741,737</u>	<u>36</u>	<u>6,645,307</u>	<u>33</u>
<b>EQUITY (Notes 4, 17 and 22)</b>				
Share capital	2,723,333	12	2,693,933	13
Capital surplus	6,874,231	31	6,606,321	33
Retained earnings				
Legal reserve	1,576,153	7	1,457,250	7
Special reserve	729,124	3	768,711	4
Unappropriated earnings	3,573,220	17	3,634,691	18
Total retained earnings	<u>5,878,497</u>	<u>27</u>	<u>5,860,652</u>	<u>29</u>
Other equity	(479,457)	(2)	(729,124)	(4)
Treasury shares	(928,443)	(4)	(928,443)	(4)
Total equity	<u>14,068,161</u>	<u>64</u>	<u>13,503,339</u>	<u>67</u>
<b>TOTAL</b>	<u>\$ 21,809,898</u>	<u>100</u>	<u>\$ 20,148,646</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

# SYSTEX CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 25)				
Sales	\$ 5,741,280	63	\$ 5,061,725	61
Less: Sales returns and allowances	<u>13,251</u>	<u>-</u>	<u>13,567</u>	<u>-</u>
Net sales	5,728,029	63	5,048,158	61
Service revenue	3,351,694	37	3,199,837	39
Other operating revenue	<u>46,853</u>	<u>-</u>	<u>37,392</u>	<u>-</u>
Total operating revenue	<u>9,126,576</u>	<u>100</u>	<u>8,285,387</u>	<u>100</u>
OPERATING COSTS (Notes 4, 10, 19 and 25)				
Cost of goods sold	4,892,642	54	4,312,140	52
Service costs	1,414,215	15	1,414,674	17
Other operating costs	<u>5,971</u>	<u>-</u>	<u>3,915</u>	<u>-</u>
Total operating costs	<u>6,312,828</u>	<u>69</u>	<u>5,730,729</u>	<u>69</u>
GROSS PROFIT	<u>2,813,748</u>	<u>31</u>	<u>2,554,658</u>	<u>31</u>
OPERATING EXPENSES (Notes 9, 19 and 25)				
Selling expenses	2,056,277	23	1,809,515	22
General and administrative expenses	307,755	3	302,188	4
Research and development expenses	380,658	4	339,824	4
Expected credit (gain) loss	<u>(6,724)</u>	<u>-</u>	<u>7,828</u>	<u>-</u>
Total operating expenses	<u>2,737,966</u>	<u>30</u>	<u>2,459,355</u>	<u>30</u>
PROFIT FROM OPERATIONS	<u>75,782</u>	<u>1</u>	<u>95,303</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Notes 4 and 11)	657,800	7	1,144,248	14
Interest income (Notes 4 and 25)	6,196	-	795	-
Dividend income (Note 4)	49,828	-	43,412	-
Other income, net (Note 25)	32,978	-	17,758	-
Gain on sale of property, plant and equipment	3,069	-	5,737	-
Gain on sale of investments, net (Note 19)	1,785	-	592	-
Foreign exchange gain, net (Note 4)	2,146	-	2,596	-
Gain on financial assets at fair value through profit or loss, net (Note 4)	332,952	4	45,780	1
Interest expense	(33,133)	-	(12,467)	-
Other expenses	(8,508)	-	(19,176)	-

(Continued)

# SYSTEX CORPORATION

## STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Loss on sale of intangible assets	\$ -	-	\$ (2,116)	-
Impairment loss on assets (Notes 4 and 19)	<u>(25,927)</u>	-	<u>(99,034)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>1,019,186</u>	<u>11</u>	<u>1,128,125</u>	<u>14</u>
INCOME BEFORE INCOME TAX	1,094,968	12	1,223,428	15
INCOME TAX EXPENSE (Notes 4 and 20)	<u>3,739</u>	-	<u>9,512</u>	-
NET INCOME	<u>1,091,229</u>	<u>12</u>	<u>1,213,916</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 16)	44,108	1	(20,813)	-
Unrealized (loss) gain on equity instruments at fair value through other comprehensive income	(940)	-	113,958	1
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	<u>23,976</u>	-	<u>46,747</u>	<u>1</u>
	<u>67,144</u>	<u>1</u>	<u>139,892</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>419,893</u>	<u>4</u>	<u>(110,531)</u>	<u>(2)</u>
Other comprehensive income for the year, net of income tax	<u>487,037</u>	<u>5</u>	<u>29,361</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,578,266</u>	<u>17</u>	<u>\$ 1,243,277</u>	<u>15</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 4.40</u>		<u>\$ 4.90</u>	
Diluted	<u>\$ 4.39</u>		<u>\$ 4.88</u>	

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

(Concluded)

**SYSTEX CORPORATION**

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Retained Earnings					Total	Other Equity				Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		Exchange Differences on Translating Foreign Operations	Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Treasury Shares	
BALANCE AT JANUARY 1, 2021	\$ 2,693,933	\$ 6,493,756	\$ 1,300,634	\$ 579,466	\$ 4,138,488	\$ 6,018,588	\$ (581,485)	\$ (187,226)	\$ -	\$ (928,443)	\$ 13,509,123
Appropriation of 2020 earnings	-	-	-	-	(156,616)	-	-	-	-	-	-
Legal reserve	-	-	156,616	-	(189,245)	-	-	-	-	-	-
Special reserve	-	-	-	189,245	(1,346,967)	(1,346,967)	-	-	-	-	(1,346,967)
Cash dividends - NT\$5 per share	-	-	-	-	-	-	-	-	-	-	-
Changes in investments in subsidiaries and associates accounted for using equity method	-	5,516	-	-	(14,659)	(14,659)	-	-	-	-	(9,143)
Net income for 2021	-	-	-	-	1,213,916	1,213,916	-	-	-	-	1,213,916
Other comprehensive (loss) income for 2021	-	-	-	-	(32,075)	(32,075)	(110,531)	171,967	-	-	29,361
Total comprehensive income (loss) for 2021	-	-	-	-	1,181,841	1,181,841	(110,531)	171,967	-	-	1,243,277
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049
Disposal of investments by subsidiaries in equity instruments at fair value through other comprehensive income	-	-	-	-	21,849	21,849	-	(21,849)	-	-	-
BALANCE AT DECEMBER 31, 2021	2,693,933	6,606,321	1,457,250	768,711	3,634,691	5,860,652	(692,016)	(37,108)	-	(928,443)	13,503,339
Appropriation of 2021 earnings	-	-	-	-	(118,903)	-	-	-	-	-	-
Legal reserve	-	-	118,903	-	(1,131,452)	(1,131,452)	-	-	-	-	(1,131,452)
Cash dividends - NT\$4.2 per share	-	-	-	(39,587)	39,587	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	-	-	-	-	-
Changes in investments in subsidiaries and associates accounted for using equity method	-	(924)	-	-	-	-	-	-	-	-	(924)
Distribution in cash of the capital surplus - NT\$0.8 per share	-	(215,515)	-	-	-	-	-	-	-	-	(215,515)
Net income for 2022	-	-	-	-	1,091,229	1,091,229	-	-	-	-	1,091,229
Other comprehensive income for 2022	-	-	-	-	56,217	56,217	419,893	10,927	-	-	487,037
Total comprehensive income for 2022	-	-	-	-	1,147,446	1,147,446	419,893	10,927	(175,720)	-	1,578,266
Share-based payment transaction - restricted shares for employees	30,000	188,966	-	-	-	-	-	-	-	-	43,246
Share-based payment transaction - cancellation of restricted shares for employees	(600)	(3,786)	-	-	-	-	-	-	4,386	-	-
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	192,120	-	-	(7,968)	(7,968)	-	-	-	-	184,152
Disposal of investments by subsidiaries in equity instruments at fair value through other comprehensive income	-	-	-	-	9,819	9,819	-	(9,819)	-	-	-
BALANCE AT DECEMBER 31, 2022	\$ 2,723,333	\$ 6,874,231	\$ 1,576,153	\$ 729,124	\$ 3,573,220	\$ 5,878,497	\$ (272,123)	\$ (36,000)	\$ (171,324)	\$ (928,443)	\$ 14,068,161

The accompanying notes are an integral part of the financial statements.  
(With Deloitte & Touche auditors' report dated February 22, 2023)

# SYSTEX CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,094,968	\$ 1,223,428
Adjustments for:		
Depreciation expense	223,533	185,389
Amortization expense	31,834	18,344
Expected credit loss (reversed) recognized	(6,724)	7,828
Gain on financial assets at fair value through profit or loss, net	(332,952)	(45,780)
Interest expense	33,133	12,467
Interest income	(6,196)	(795)
Dividend income	(49,828)	(43,412)
Compensation cost of share-based payment	36,687	-
Share of profit of subsidiaries and associates accounted for using equity method	(657,800)	(1,144,248)
Gain on sale of property, plant and equipment	(3,069)	(5,737)
Loss on sale of intangible assets	-	2,116
Impairment loss on financial assets	-	99,034
Write-down of inventories	839	21,445
Impairment loss on non-financial assets	25,927	-
Unrealized gain on foreign currency exchange, net	(225)	(568)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	517,303	(1,139,081)
Notes receivable	933	(479)
Accounts receivable	(552,798)	(345,725)
Receivables from related parties	292,053	(278,905)
Other receivables	(8,530)	(38,810)
Inventories	(515,780)	(114,490)
Prepayments	(143,392)	(63,194)
Other current assets	4,066	(1,620)
Notes and accounts payable	(37,908)	459,339
Payables to related parties	472,649	170,911
Other payables	61,358	(516)
Contract liabilities	240,448	9,424
Other current liabilities	39,172	56,369
Net defined benefit liabilities	(51,438)	(33,894)
Cash generated from (used in) operations	708,263	(991,160)
Interest paid	(33,073)	(12,535)
Income tax paid	(19,739)	(24,291)
Net cash generated from (used in) operating activities	<u>655,451</u>	<u>(1,027,986)</u>

(Continued)

# SYSTEX CORPORATION

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ (24,061)	\$ (250,777)
Capital reduction of financial assets at fair value through other comprehensive income	-	889
Acquisition of investments accounted for using the equity method	(564,967)	(757,663)
Proceeds from disposal of investments accounted for using the equity method	477,457	-
Capital reduction of investments accounted for using the equity method	4,192	-
Payments for property, plant and equipment	(131,975)	(66,692)
Proceeds from disposal of property, plant and equipment	20,114	14,055
Increase in refundable deposits	(9,302)	(32,813)
Payments for intangible assets	(88,270)	(54,604)
Proceeds from disposal of intangible assets	277	-
Decrease (increase) in long-term receivables	2,377	(8,179)
Increase in pledged time deposits	(124,503)	(25,614)
(Increase) decrease in other non-current assets	(3,847)	18,328
Interest received	6,249	761
Dividends received	49,828	43,412
Dividends received from subsidiaries and associates	<u>883,306</u>	<u>654,830</u>
Net cash generated from (used in) investing activities	<u>496,875</u>	<u>(464,067)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	380,000	-
Proceeds from issuance of corporate bonds	-	2,994,218
Decrease in guarantee deposits received	(186)	(321)
Repayment of the principal portion of lease liabilities	(128,113)	(102,936)
Dividends paid	(1,131,452)	(1,346,967)
Distribution in cash from capital surplus	<u>(215,515)</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(1,095,266)</u>	<u>1,543,994</u>
NET INCREASE IN CASH	57,060	51,941
CASH AT THE BEGINNING OF THE YEAR	<u>338,114</u>	<u>286,173</u>
CASH AT THE END OF THE YEAR	<u>\$ 395,174</u>	<u>\$ 338,114</u>

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

(With Deloitte & Touche auditors' report dated February 22, 2023)

(Concluded)

# SYSTEX CORPORATION

## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

---

### 1. GENERAL INFORMATION

Systemex Corporation (the “Corporation”) was incorporated on January 7, 1997 under the provision of the Company Act of the Republic of China and other laws and regulations. The Corporation is mainly engaged in sales and leases of computer software and related equipment, transmission and security of value-added network, maintenance of database, and consultation.

The Corporation’s shares had been traded on Emerging Stock Market since April 10, 2002 and Taipei Exchange since January 6, 2003. On December 30, 2010, the Corporation has changed the listing and trading of its shares to the Taiwan Stock Exchange.

The financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors on February 22, 2023.

### 3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Corporation’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

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

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

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

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

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

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

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

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

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

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;



- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the financial statements, the Corporation accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

- 1) Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- 2) Liabilities for which the Corporation does not have an unconditional right to defer settlement 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 the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

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

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

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

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

For the purposes of presenting the financial statements, the assets and liabilities of the Corporation's foreign operations (including subsidiaries and associates in other countries that use currency different from the currency of the Corporation) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Corporation's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

e. Inventories

Inventories are stated at the lower of cost (monthly weighted average) or net realizable value. Net realizable value is the estimated selling price of inventories less all estimated costs necessary to make the sale.

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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

The Corporation disposes of a subsidiary and results in a loss of control over the business, no gain or loss is recognized for transactions under common control.

Profit or loss resulting from downstream transactions is eliminated in full only in the financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the financial statements and only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investment in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation uses the equity method to account for its investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of equity of associates.

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

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

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

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

The Corporation discontinues the use of the equity method from the date on which it ceases to have significant influence. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the financial statements only to the extent of interests in the associate that are not related to the Corporation.

#### h. Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

#### i. Intangible assets

##### 1) Intangible assets acquired separately

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

##### 2) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and equity instruments at fair value through other comprehensive income (“FVTOCI”).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset.

## ii. Financial assets at amortized cost

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

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

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

## iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses (“ECLs”) on financial assets at amortized cost (including accounts receivable) and lease receivables.

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

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

The Corporation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

l. Revenue recognition

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

Sales revenue comes from sales of computer hardware and software. Sales of computer hardware and software are recognized as revenue when the goods are delivered and the customers have full discretion over the price to sell the goods, rights to use the goods, and bears the risks of obsolescence. Accounts receivable are recognized concurrently. The transaction price received under the conditions of a contract is recognized as a contract liability until the goods have been delivered to the customer.

Service revenue comes from maintenance of computer software and hardware, value-added network services and related consultation services. As the Corporation provides services, customers simultaneously receive and consume the benefits provided by the Corporation's performance. Consequently, the related revenue is recognized when services are rendered. Service revenue other than conditions stated above is recognized when services have been completed.

Other operating revenue is mainly comprised of rental revenue on leases of computer equipment, which is recognized over the term of the lease.

m. Leases

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

For a contract that contains a lease component and non-lease components, the Corporation allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Corporation as lessor

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

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Corporation's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.



## 2) The Corporation as lessee

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

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

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

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

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

The Corporation negotiates with the lessors for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2022, and no substantive change to other terms and conditions. The Corporation elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Corporation recognizes the reduction in lease payment in profit or loss, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

## n. Employee benefits

### 1) Short-term employee benefits

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

### 2) Retirement benefits

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

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

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

o. Share-based payment arrangements

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Corporation's best estimates of the number of shares that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefits.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared, with a corresponding adjustment in retained earnings.

At the end of each reporting period, the Corporation revises its estimate of the number of restricted shares for employees that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - restricted shares for employees.

The grant by the Corporation of its equity instruments to the employees of a subsidiary under share-based payment arrangements is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - restricted shares for employees.

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and the corresponding tax bases used in the computation of taxable profit. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for investments to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

### 3) Current and deferred taxes

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

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

The Corporation considers the possible impact of the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

### **Valuation of Receivables**

The valuation of receivables is based on assumptions about rates of default and expected loss. The Corporation uses judgment in making these assumptions and in selecting the inputs to the impairment valuation, based on the Corporation's historical experience, existing market conditions and forward-looking estimates. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 224	\$ 224
Checking accounts and demand deposits	<u>394,950</u>	<u>337,890</u>
	<u>\$ 395,174</u>	<u>\$ 338,114</u>

## 7. FINANCIAL ASSETS AT FVTPL

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Current</u>		
Financial assets mandatorily classified as at FVTPL		
Mutual funds	<u>\$ 855,498</u>	<u>\$ 1,372,250</u>
<u>Non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Unlisted shares	<u>\$ 1,729,941</u>	<u>\$ 1,397,540</u>

## 8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Investments in Equity Instruments		
Unlisted shares	\$ 47,653	\$ 25,549
Listed shares	<u>1,017</u>	<u>-</u>
	<u>\$ 48,670</u>	<u>\$ 25,549</u>

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

In the first quarter of 2021, the Corporation increased its interests in Genesis Technology Inc. (Genesis) and achieved significant influence over Genesis; therefore, investment in Genesis was reclassified from financial assets at FVTOCI to investments accounted for using the equity method in the amount of \$533,006 thousand, and its related unrealized valuation gain of \$49,429 thousand was transferred from other equity to retained earnings.

## 9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND LONG-TERM RECEIVABLES, NET

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Notes receivable	\$ 18,203	\$ 19,136
Less: Allowance for doubtful accounts	<u>(172)</u>	<u>(172)</u>
	<u>\$ 18,031</u>	<u>\$ 18,964</u>
Accounts receivable	\$ 1,899,854	\$ 1,348,462
Less: Allowance for doubtful accounts	<u>(10,074)</u>	<u>(17,657)</u>
	<u>\$ 1,889,780</u>	<u>\$ 1,330,805</u>
Long-term receivables	\$ 7,105	\$ 9,827
Less: Unrealized interest income	<u>(332)</u>	<u>(677)</u>
	<u>\$ 6,773</u>	<u>\$ 9,150</u>

The average credit period of receivables was 60 to 90 days. The Corporation delegated a department responsible for managing receivables, establishing credit limits, credit approvals and other monitoring procedures to ensure the profitability of the Corporation.

The Corporation applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all receivables. The expected credit losses on receivables are estimated using a provision matrix by reference to the past default records of the debtor, the debtor's current financial position, economic condition of the industry in which the debtor operates as well as the GDP forecasts and industry outlook. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

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

The following table details the loss allowance of receivables based on the Corporation's provision matrix:

### December 31, 2022

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	181 to 270 Days Past Due	Over 270 Days Past Due	Total
Gross carrying amount	\$ 1,815,017	\$ 85,238	\$ 4,980	\$ 232	\$ 12,590	\$ 1,918,057
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,246)</u>	<u>(10,246)</u>
Amortized cost	<u>\$ 1,815,017</u>	<u>\$ 85,238</u>	<u>\$ 4,980</u>	<u>\$ 232</u>	<u>\$ 2,344</u>	<u>\$ 1,907,811</u>

December 31, 2021

	<b>Not Past Due</b>	<b>1 to 90 Days Past Due</b>	<b>91 to 180 Days Past Due</b>	<b>181 to 270 Days Past Due</b>	<b>Over 270 Days Past Due</b>	<b>Total</b>
Gross carrying amount	\$ 1,290,748	\$ 39,641	\$ 26,727	\$ 2,639	\$ 7,843	\$ 1,367,598
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>(7,347)</u>	<u>(2,639)</u>	<u>(7,843)</u>	<u>(17,829)</u>
Amortized cost	<u>\$ 1,290,748</u>	<u>\$ 39,641</u>	<u>\$ 19,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,349,769</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 17,829	\$ 10,001
Net remeasurement of loss allowance	(6,724)	7,828
Amount written off	<u>(859)</u>	<u>-</u>
Balance at December 31	<u>\$ 10,246</u>	<u>\$ 17,829</u>

**10. INVENTORIES**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Merchandise	\$ 1,402,918	\$ 883,279
Maintenance parts	<u>6,788</u>	<u>7,002</u>
	<u>\$ 1,409,706</u>	<u>\$ 890,281</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$4,892,642 thousand and \$4,312,140 thousand, respectively. The cost of goods sold included inventory write-downs of \$839 thousand and \$21,445 thousand, respectively.

**11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Investments in subsidiaries	\$ 10,681,599	\$ 10,153,103
Investments in associates	<u>1,441,382</u>	<u>1,371,361</u>
	<u>\$ 12,122,981</u>	<u>\$ 11,524,464</u>

a. Investments in subsidiaries

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unlisted Corporation		
Kimo.com (BVI) Corporation (Kimo BVI)	\$ 4,144,305	\$ 3,958,167
System Capital Group, Inc. (SCGI)	2,458,889	2,521,909
System Software & Service Corporation (SSSC)	1,249,158	1,161,042
Ching Pu Investment Corporation (Ching Pu) (Notes 4 and 17)	587,013	583,088
Concord System Management Corporation (CSMC)	413,179	439,296
Taifon Computer Co., Ltd. (Taifon)	319,583	297,290
System Solutions Corporation (System Solutions)	317,688	320,382
Golden Bridge Corporation (GBC)	309,089	285,928
Docutek Solutions, Inc. (Docutek Solutions)	274,150	-
Nexsys Corporation (Nexsys)	268,672	343,685
MISYS Corporation (MISYS)	99,737	-
E-service Information Corporation (E-service)	95,969	87,017
uniXecure Corporation (uniXecure)	42,141	49,915
Taiwan Information Service Technology Corporation (TIST)	38,437	40,356
Naturint Corporation (Naturint)	21,162	21,234
Syspower Corporation (Syspower)	22,136	20,028
Hanmore Investment Corporation (Hanmore) (Notes 4 and 17)	20,291	19,574
Etu Corporation (Etu)	-	4,192
	<u>\$ 10,681,599</u>	<u>\$ 10,153,103</u>

The Corporation's proportion of ownership and voting rights of its subsidiaries as of the balance sheet date were 100%, except for:

<b>Name of Associate</b>	<b>Proportion of Ownership and Voting Rights</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Syspower	4.50%	4.50%
Etu	-	84.19%
Hanmore	48.92%	48.92%
TIST	67.38%	67.38%
Nexsys	70.00%	100.00%
Docutek Solutions	54.92%	-

Refer to Note 30 for the details of the subsidiaries indirectly held by the Corporation.

Refer to Note 26 to the consolidated financial statements for the disclosure of the Corporation's acquisition of Docutek Solutions.

The Corporation and its subsidiaries, collectively, hold more than 50% of the ownership and voting rights of Syspower; therefore, the Corporation has control over Syspower, which is accounted for as subsidiary.

Etu had been under dissolution and liquidation processes after the approval of shareholders in their meeting in December 2020. The Corporation received the refund from the liquidation of Etu in June 2022.

The Corporation holds 48.92% interest in Hanmore. The directors of the Corporation considered that the Corporation has the practical ability to direct the relevant activities of Hanmore and, therefore, has control over Hanmore.

The Corporation disposed of 30% of interest in Nexsys in May 2022 and decreased its interest in Nexsys to 70%.

The Corporation purchased 20.11% interest of Dawning in May 2022 (Syslink Corporation, a subsidiary of the Corporation, held 74.43% interest of Dawning) and the Corporation transferred all of its equity of Dawning to Syslink at the original acquisition price. As the transaction was under common control, no gain or loss on disposal was recognized.

The impairment losses on the subsidiaries amounted to \$37,509 thousand for the year ended December 31, 2021.

The Corporation's share of profit (loss) and other comprehensive income (loss) from subsidiaries using the equity method was recognized based on each subsidiary's audited financial statements for the years ended December 31, 2022 and 2021.

b. Investments in associates

Aggregate information of associates was as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
The Corporation's share of:		
Net profit for the year	\$ 105,279	\$ 39,189
Other comprehensive income (loss)	<u>10,650</u>	<u>(24,788)</u>
Total comprehensive income for the year	<u>\$ 115,929</u>	<u>\$ 14,401</u>

The impairment losses on the associates amounted to \$61,525 thousand for the year ended December 31, 2021.

Except for Bao Ruh Electronic Co., Ltd., Systemweb Technologies Co., Ltd., Sanfran Technologies Inc., Retail System Co., Ltd., Mohist Web Technology Co., Ltd., Frog-jump Information Co., Ltd., Shengsen Cloud Technology, FinRobo Advisor Securities Investment Consulting Co., Ltd., GenSys Technology (International) Ltd. and Systex Infopro Co., Ltd. for the year ended December 31, 2022, Systemweb Technologies Co., Ltd., Sanfran Technologies Inc., Retail System Co., Ltd., Mohist Web Technology Co., Ltd., Frog-jump Information Co., Ltd., Shengsen Cloud Technology, FinRobo Advisor Securities Investment Consulting Co., Ltd., GenSys Technology (International) Ltd. and Systex Infopro Co., Ltd. for the year ended December 31, 2021, the Corporation's share of profit and other comprehensive income (loss) from associates using the equity method were recognized based on each associate's audited financial statements. Management believes the financial statements that have not been audited would not have material impact on the investments accounted for using the equity method or the Corporation's share of profit and other comprehensive income (loss) in the financial statements.



## 12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computer Equipment	Transportation Equipment	Lease Equipment	Leasehold Improvements	Other Equipment	Total
<b>Cost</b>								
Balance at January 1, 2021	\$ 795,378	\$ 1,161,115	\$ 158,111	\$ 10,677	\$ 14,060	\$ 26,712	\$ 65,383	\$ 2,231,436
Additions	-	-	41,784	-	2,729	5,463	16,716	66,692
Disposals	(4,585)	(2,973)	(21,599)	(10,677)	(2,930)	(1,581)	(3,536)	(47,881)
Reclassifications	-	-	18	-	(18)	-	-	-
Balance at December 31, 2021	<u>\$ 790,793</u>	<u>\$ 1,158,142</u>	<u>\$ 178,314</u>	<u>\$ -</u>	<u>\$ 13,841</u>	<u>\$ 30,594</u>	<u>\$ 78,563</u>	<u>\$ 2,250,247</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2021	\$ 7,693	\$ 478,955	\$ 65,238	\$ 7,341	\$ 7,617	\$ 10,963	\$ 17,336	\$ 595,143
Depreciation expense	-	16,594	42,202	890	3,654	5,626	13,630	82,596
Disposals	-	(1,926)	(21,520)	(8,231)	(2,930)	(1,581)	(3,375)	(39,563)
Reclassifications	-	-	15	-	(15)	-	-	-
Balance at December 31, 2021	<u>\$ 7,693</u>	<u>\$ 493,623</u>	<u>\$ 85,935</u>	<u>\$ -</u>	<u>\$ 8,326</u>	<u>\$ 15,008</u>	<u>\$ 27,591</u>	<u>\$ 638,176</u>
Carrying amount at December 31, 2021	<u>\$ 783,100</u>	<u>\$ 664,519</u>	<u>\$ 92,379</u>	<u>\$ -</u>	<u>\$ 5,515</u>	<u>\$ 15,586</u>	<u>\$ 50,972</u>	<u>\$ 1,612,071</u>
<b>Cost</b>								
Balance at January 1, 2022	\$ 790,793	\$ 1,158,142	\$ 178,314	\$ -	\$ 13,841	\$ 30,594	\$ 78,563	\$ 2,250,247
Additions	-	-	75,695	-	14,018	17,158	25,104	131,975
Disposals	(12,666)	(7,240)	(22,050)	-	(3,046)	(1,037)	(1,124)	(47,163)
Reclassifications	-	-	(4,553)	-	(46)	-	-	(4,599)
Balance at December 31, 2022	<u>\$ 778,127</u>	<u>\$ 1,150,902</u>	<u>\$ 227,406</u>	<u>\$ -</u>	<u>\$ 24,767</u>	<u>\$ 46,715</u>	<u>\$ 102,543</u>	<u>\$ 2,330,460</u>
<b>Accumulated depreciation and impairment</b>								
Balance at January 1, 2022	\$ 7,693	\$ 493,623	\$ 85,935	\$ -	\$ 8,326	\$ 15,008	\$ 27,591	\$ 638,176
Depreciation expense	-	16,503	46,642	-	5,892	7,578	17,718	94,333
Disposals	-	(3,373)	(21,773)	-	(3,046)	(802)	(1,124)	(30,118)
Impairment loss	-	-	5,410	-	-	-	3,311	8,721
Reclassifications	-	-	(107)	-	(8)	-	-	(115)
Balance at December 31, 2022	<u>\$ 7,693</u>	<u>\$ 506,753</u>	<u>\$ 116,107</u>	<u>\$ -</u>	<u>\$ 11,164</u>	<u>\$ 21,784</u>	<u>\$ 47,496</u>	<u>\$ 710,997</u>
Carrying amount at December 31, 2022	<u>\$ 770,434</u>	<u>\$ 644,149</u>	<u>\$ 111,299</u>	<u>\$ -</u>	<u>\$ 13,603</u>	<u>\$ 24,931</u>	<u>\$ 55,047</u>	<u>\$ 1,619,463</u>

As certain computer equipment and other equipment for operational use were unavailable, which resulted in a decrease in the estimated future cash flows, the Corporation recognized an impairment loss of \$8,721 thousand for the year ended December 31, 2022.

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

Buildings	60 years
Computer equipment and other equipment	3-5 years
Transportation equipment	5 years
Lease equipment	2-3 years
Leasehold improvements	5 years

### 13. LEASE ARRANGEMENTS

#### a. Right-of-use assets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amounts</u>		
Buildings	\$ 145,749	\$ 73,365
Machinery	30,898	53,592
Transportation equipment	<u>1,006</u>	<u>2,105</u>
	<u>\$ 177,653</u>	<u>\$ 129,062</u>
	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Additions to right-of-use assets	<u>\$ 177,791</u>	<u>\$ 34,891</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 95,099	\$ 66,659
Machinery	33,003	36,042
Transportation equipment	<u>1,098</u>	<u>92</u>
	<u>\$ 129,200</u>	<u>\$ 102,793</u>

Except for the additions and depreciation charge listed above, the right-of-use assets of the Corporation had no material sublease agreement or impairment for the years ended December 31, 2022 and 2021.

#### b. Lease liabilities

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Carrying amounts</u>		
Current	<u>\$ 71,404</u>	<u>\$ 79,975</u>
Non-current	<u>\$ 109,180</u>	<u>\$ 50,871</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Buildings	1.00%-1.25%	1.00%-1.25%
Machinery	1.00%-1.25%	1.00%-1.25%
Transportation equipment	1.00%	1.00%

#### c. Material leasing activities and terms

The Corporation leases buildings for the use of offices and equipment for the use of operation with lease terms of 1 to 7 years. The Corporation does not have bargain purchase options to acquire the leasehold buildings and equipment at the end of the lease terms.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term leases and low-value asset leases	\$ <u>17,590</u>	\$ <u>40,721</u>
Total cash outflow for leases	\$ <u>147,878</u>	\$ <u>145,652</u>

The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases, which qualify as short-term leases and low-value asset leases.

The amount of lease commitments for which the recognition exemption is applied were \$15,056 thousand and \$14,904 thousand, respectively, as of December 31, 2022 and 2021.

**14. SHORT-TERM LOANS**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank unsecured loans	\$ <u>380,000</u>	\$ <u>-</u>
Annual interest rate	1.60%-1.85%	-

**15. BONDS PAYABLE**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unsecured domestic bonds	\$ 3,000,000	\$ 3,000,000
Less: Discount on bonds payable	<u>(4,580)</u>	<u>(5,558)</u>
	<u>\$ 2,995,420</u>	<u>\$ 2,994,442</u>

In September 2021, the Corporation issued 3,000 units (each unit at par value of \$1,000 thousand), 0.82% NTD-denominated unsecured bonds, in an aggregate principal amount of \$3,000,000 thousand. The five-year bonds will mature in September 2026. Interest is paid annually and the principal will be repaid in full on the maturity date. The funds raised by the issuance of bonds will be used to repay the bank loan and replenish the working capital.

**16. RETIREMENT BENEFIT PLANS**

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 449,662	\$ 519,970
Fair value of plan assets	<u>(345,925)</u>	<u>(320,687)</u>
Net defined benefit liability	<u>\$ 103,737</u>	<u>\$ 199,283</u>

Movements in net defined benefit liability were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Balance at January 1, 2021	<u>\$ 519,107</u>	<u>\$ (306,743)</u>	<u>\$ 212,364</u>
Service cost			
Current service cost	763	-	763
Net interest expense (income)	<u>1,801</u>	<u>(1,122)</u>	<u>679</u>
Recognized in profit or loss	<u>2,564</u>	<u>(1,122)</u>	<u>1,442</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,258)	(4,258)
Actuarial gain - changes in financial assumptions	(5,368)	-	(5,368)
Actuarial loss - experience adjustments	17,812	-	17,812
Actuarial loss - changes in demographic assumptions	<u>12,627</u>	<u>-</u>	<u>12,627</u>
Recognized in other comprehensive loss (income)	<u>25,071</u>	<u>(4,258)</u>	<u>20,813</u>
Contributions from the employer	-	(35,336)	(35,336)
Benefits paid	<u>(26,772)</u>	<u>26,772</u>	<u>-</u>
Balance at December 31, 2021	<u>519,970</u>	<u>(320,687)</u>	<u>199,283</u>
Service cost			
Current service cost	609	-	609
Net interest expense (income)	<u>2,834</u>	<u>(1,862)</u>	<u>972</u>
Recognized in profit or loss	<u>3,443</u>	<u>(1,862)</u>	<u>1,581</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liability</b>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (25,629)	\$ (25,629)
Actuarial gain - changes in financial assumptions	(45,783)	-	(45,783)
Actuarial loss - experience adjustments	<u>27,304</u>	<u>-</u>	<u>27,304</u>
Recognized in other comprehensive income	<u>(18,479)</u>	<u>(25,629)</u>	<u>(44,108)</u>
Contributions from the employer	-	(53,019)	(53,019)
Benefits paid	<u>(55,272)</u>	<u>55,272</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 449,662</u>	<u>\$ (345,925)</u>	<u>\$ 103,737</u> (Concluded)

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

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates	1.55%	0.55%
Expected rates of salary increase	1.20%	1.20%

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rates		
0.5% increase	<u>\$ (20,704)</u>	<u>\$ (26,349)</u>
0.5% decrease	<u>\$ 22,123</u>	<u>\$ 28,286</u>
Expected rates of salary increase		
0.5% increase	<u>\$ 22,089</u>	<u>\$ 27,955</u>
0.5% decrease	<u>\$ (20,873)</u>	<u>\$ (26,311)</u>

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
The expected contributions to the plan for the next year	<u>\$ 26,614</u>	<u>\$ 44,959</u>
The average duration of the defined benefit obligation	10 years	10 years

## 17. EQUITY

### a. Share capital

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Number of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>
Share capital authorized (par value of \$10 per share)	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Number of shares issued (in thousands)	<u>272,333</u>	<u>269,393</u>
Share capital issued	<u>\$ 2,723,333</u>	<u>\$ 2,693,933</u>

On May 26, 2022, the shareholders in their meeting approved to issue 3,000 thousand shares under a restricted share plan for employees with a total amount of \$30,000 thousand, which was approved by the FSC. On August 3, 2022, the board of directors resolved to issue all shares, please refer to Note 22 for details.

On December 21, 2022, the board of directors resolved to cancel 60 thousand shares that did not meet the vesting conditions (the portion allocated to employees of subsidiaries) with a par value of \$10 and amounting to a total of \$600 thousand, and set December 21, 2022 as the capital reduction record date.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>May be used to offset a deficit, distribute as cash dividends, or transfer to share capital (1)</u>		
Issuance of shares	\$ 4,425,972	\$ 4,641,487
The difference between the consideration paid or received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal	193,977	1,858
Donations	544	544
Treasury share transactions	2,052,062	1,945,013
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interest in subsidiaries (2)	6,854	10,666
Share of changes in associates accounted for using the equity method	4,815	2,260
Gain on sale of property, plant and equipment	4,493	4,493
<u>May not be used for any purpose</u>		
Employee restricted shares	<u>185,514</u>	<u>-</u>
	<u>\$ 6,874,231</u>	<u>\$ 6,606,321</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in subsidiary resulted from equity transactions other than actual disposal on acquisition, or from changes in capital surplus of subsidiaries accounted for by using the equity method.

c. Retained earnings and dividends policy

Under the dividend policy as set forth in the Corporation's Articles of Incorporation ("Articles"), where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders, except that the board of directors is authorized to adopt a special resolution to distribute dividends and bonuses in cash and a report of such distribution should be submitted in the shareholders' meeting.

For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 19 c. for details.

For the goal of sustainable operation and development, the Corporation considers the overall environment and the nature of industry growth along with the long-term financial planning, and applies the dividend policy for residual earnings. The Corporation evaluates the annual funding requirements according to its future capital budget and retains the required fund from the earnings, and distributes the residual earnings as follows:

- 1) Determine the optimal capital budget.
- 2) Determine the funding requirements to meet the optimal capital budget.
- 3) Determine the funding requirements to be met by unappropriated earnings (the remaining may be met through capital increase by cash or issuance of bonds).
- 4) The residual earnings, less an appropriate portion for the operation requirements, may be distributed to shareholders.

The Corporation's dividends may be distributed in cash or shares. The distribution of profits shall be made preferably by way of cash dividends. The distribution could also be made by way of stock dividends, which should not exceed 50% of the total distributed earnings in principle. In addition, dividend policy depends on criteria such as the Corporation's current and future investment environment, cash requirements, domestic and international competition, capital budget, etc. Further, the Corporation also takes into consideration shareholders' interests, balances of dividends and its long-term financial goals. Annually, the board of directors prepares a proposal on earnings appropriation for approval at the shareholders' meeting.

For the distribution of dividends, if the distribution is in cash, the board of directors shall be authorized to resolve the proposal by the vote of at least half of the directors present, provided the number of directors present shall be at least two-thirds of the entire board of directors, and report the distribution to the shareholders' meeting. The Corporation may distribute all or part of the reserve in accordance with laws or the regulations of the competent authority. If it is distributed in cash, the Corporation authorizes the board of directors to make resolutions in accordance with Article 241 of the Company Act and report to the shareholders' meeting.

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

Under the local regulations, an amount equals to the net debit balance of total other equity items shall be appropriated as a special reserve. The special reserve may be reversed to the extent of the decrease in the net debit balance.

If the Corporation's shares are held by its subsidiaries at the end of the year and the market value of the shares held are lower than their carrying amounts, the Corporation should appropriate a special reserve equal to the difference between the carrying amounts and market value multiplied by its percentages of ownership in the subsidiaries. The special reserve can be reversed in proportion to the percentages of ownership in the subsidiaries when the market value of the shares increased.



The appropriations of earnings for 2021 and 2020, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	<u>\$ 118,903</u>	<u>\$ 156,616</u>
(Reversal of) special reserve	<u>\$ (39,587)</u>	<u>\$ 189,245</u>
Cash dividends	<u>\$ 1,131,452</u>	<u>\$ 1,346,967</u>
Cash dividends per share (NT\$)	<u>\$ 4.2</u>	<u>\$ 5.0</u>

The above cash dividends were approved by the board of directors on April 12, 2022 and April 14, 2021, respectively, and the remaining appropriations of earnings were approved by the shareholders in their meetings on May 26, 2022 and August 27, 2021, respectively.

The board of directors approved the cash distribution of capital surplus arising from issuance of shares in their meeting on April 12, 2022. The distribution amounted to \$215,515 thousand (NT\$0.8 per share).

The appropriation of earnings for 2022 will be resolved by the shareholders in their meeting in May 2023.

Information about the appropriations of earnings and distribution of capital surplus are available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Other equity items

1) Exchange differences on translation of foreign operations

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (692,016)	\$ (581,485)
Share of subsidiaries and associates accounted for using the equity method	<u>419,893</u>	<u>(110,531)</u>
Balance at December 31	<u>\$ (272,123)</u>	<u>\$ (692,016)</u>

2) Unrealized (loss) gain on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (37,108)	\$ (187,226)
Recognized for the year		
Unrealized (loss) gain on equity investments	(940)	113,958
Share from subsidiaries and associates accounted for using the equity method	11,867	58,009
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(9,819)</u>	<u>(21,849)</u>
Balance at December 31	<u>\$ (36,000)</u>	<u>\$ (37,108)</u>

3) Unearned employee benefits

	<b>For the Year Ended December 31, 2022</b>
Balance at January 1	\$ -
Issuance of shares	(219,300)
Cancellation of shares	4,386
Share-based payment expenses recognized	36,687
Share-based payment expenses recognized by subsidiaries	<u>6,893</u>
Balance at December 31	<u>\$ (171,334)</u>

Please refer to Note 22 for the issuance of restricted shares for employees.

e. Treasury shares (in thousands)

<b>Purpose of Treasury Share</b>	<b>Number of Shares at January 1</b>	<b>Increase During the Year</b>	<b>Decrease During the Year</b>	<b>Number of Shares at December 31</b>
<u>2022 and 2021</u>				
Reclassification of the Corporation's shares held by subsidiaries from equity-method investments into treasury shares	<u>21,410</u>	<u>-</u>	<u>-</u>	<u>21,410</u>

The Corporation's shares held by subsidiaries at the end of reporting period were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Hanmore</u>		
Share (in thousands)	<u>21,317</u>	<u>21,317</u>
Investment cost	<u>\$ 738,426</u>	<u>\$ 755,480</u>
Market value	<u>\$ 1,481,509</u>	<u>\$ 1,807,654</u>
<u>Ching Pu</u>		
Share (in thousands)	<u>10,982</u>	<u>10,982</u>
Investment cost	<u>\$ 237,308</u>	<u>\$ 246,093</u>
Market value	<u>\$ 763,213</u>	<u>\$ 931,229</u>

For the Corporation's shares held by Hanmore, the investment cost at 48.92% (the ownership percentage owned by the Corporation) was transferred from investment accounted for using the equity method to treasury shares, amounting to \$515,617 thousand (10,428 thousand shares) as of December 31, 2022 and 2021.

The Corporation's shares held by its subsidiaries are recorded as treasury shares, with the subsidiaries having the same rights as other common shareholders on these shares, except that the subsidiaries which are owned by the parent company for over 50% will not have the right to participate in any share issuance for cash or to vote.

## 18. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 5,728,029	\$ 5,048,158
Revenue from the rendering of services	3,351,694	3,199,837
Other operating revenue	<u>46,853</u>	<u>37,392</u>
	<u>\$ 9,126,576</u>	<u>\$ 8,285,387</u>

### Contract Balances

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Notes and accounts receivable	<u>\$ 1,907,811</u>	<u>\$ 1,349,769</u>
Contract liabilities	<u>\$ 896,590</u>	<u>\$ 656,142</u>

Please refer to Note 9 for information about notes and accounts receivable. The changes in the balance of contract liabilities primarily result from the timing difference between the Corporation's satisfaction of performance obligations and the respective customer's payment.

## 19. NET PROFIT

### a. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 94,333	\$ 82,596
Right-of-use assets	129,200	102,793
Intangible assets	<u>31,834</u>	<u>18,344</u>
	<u>\$ 255,367</u>	<u>\$ 203,733</u>
An analysis of depreciation by function		
Operating costs	\$ 79,166	\$ 80,973
Operating expenses	<u>144,367</u>	<u>104,416</u>
	<u>\$ 223,533</u>	<u>\$ 185,389</u>
An analysis of amortization by function		
Operating costs	\$ 831	\$ 938
Operating expenses	<u>31,003</u>	<u>17,406</u>
	<u>\$ 31,834</u>	<u>\$ 18,344</u>

b. Employee benefits expenses (recognized as operating expenses)

	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Post-employment benefits		
Defined contribution plans	\$ 92,621	\$ 86,326
Defined benefit plans (Note 16)	<u>1,581</u>	<u>1,442</u>
	94,202	87,768
Compensation cost of share-based payment	36,687	-
Payroll	1,995,022	1,833,104
Labor and health insurance	175,296	165,958
Remuneration of directors	23,052	25,756
Other employee benefits	<u>92,872</u>	<u>73,786</u>
Total employee benefits expenses	<u>\$ 2,417,131</u>	<u>\$ 2,186,372</u>

For the years ended December 31, 2022 and 2021, the Corporation had 2,086 and 1,962 employees on average, respectively; the number of board of directors who did not serve concurrently as employees amounted to 10 and 11, respectively.

For the years ended December 31, 2022 and 2021, the average employee benefits expenses amounted to \$1,153 thousand and \$1,107 thousand, respectively, and the average payroll expenses amounted to \$961 thousand and \$940 thousand, respectively. The average payroll expenses increased by 2.23%.

The Corporation's policies for employee benefits expenses are as follows.

The directors are remunerated in accordance with the Corporation's current Articles. The Corporation has also established the "Regulations on Directors' Remuneration" to calculate their remuneration based on the base numbers established by directors' contribution to the Corporation and whether they are independent directors.

Directors' remuneration includes remuneration, salary, travel expenses, etc. Independent directors are paid in fixed amounts of remuneration every quarter in accordance with the resolutions in the board of directors' meetings. Travel expenses are paid each time directors attend board of directors or functional committee meetings in person.

Managerial officers' remuneration is paid in accordance with the Corporation's human resources policies. Their remuneration mainly includes basic salary, rewards, and employee remuneration. Rewards and bonuses are distributed based on the overall operating performance of the Corporation and shall be in accordance with the "Regulations on the Distribution of Year-End Bonuses".

The Corporation has established a remuneration committee to be in charge of the performance evaluation of directors and managerial officers, set and reviewing the remuneration policies, system standards and structure, and conduct periodic reviews on the accomplishment of performance targets in order to build a comprehensive remuneration system for the Corporation's directors and managerial officers.

The Corporation has set up a well-established performance management and remuneration system which connected the target of organization with personal performance. The Corporation ensures performance examination, feedback, and assessment are completed regularly. Bonuses are paid based on the overall performance of the Corporation, department performance, personal performance and contribution in order to achieve the Corporation's goal of high performance, high contribution, and high reward.

c. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees and remuneration of directors at rates of no less than 0.1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which have been approved by the Corporation's board of directors on February 22, 2023 and February 23, 2022, respectively, are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ 34,578	\$ 38,635
Remuneration of directors	23,052	25,756

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

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

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Gain on sale of investments, net

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Disposal of financial assets at FVTPL	<u>\$ 1,785</u>	<u>\$ 592</u>

e. Impairment losses recognized

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 8,721	\$ -
Intangible assets	17,206	-
Investments accounted for using the equity method	<u>-</u>	<u>99,034</u>
	<u>\$ 25,927</u>	<u>\$ 99,034</u>

## 20. INCOME TAXES

### a. Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ -	\$ 16,904
Additional income tax under the Alternative Minimum Tax Act	8,343	-
Land value increment tax	240	532
Adjustments for prior years' tax	<u>(2,330)</u>	<u>(1,896)</u>
	<u>6,253</u>	<u>15,540</u>
Deferred tax		
In respect of the current year	<u>(2,514)</u>	<u>(6,028)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,739</u>	<u>\$ 9,512</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	<u>\$ 1,094,968</u>	<u>\$ 1,223,428</u>
Income tax expense calculated at the statutory rate	\$ 218,994	\$ 244,686
Permanent difference	(221,508)	(233,810)
Additional income tax under the Alternative Minimum Tax Act	8,343	-
Land value incremental tax	240	532
Adjustments for prior years' tax	<u>(2,330)</u>	<u>(1,896)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,739</u>	<u>\$ 9,512</u>

### b. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets (included in other current assets)		
Tax refund receivable	<u>\$ 982</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ 1,715</u>	<u>\$ 14,219</u>

Prepaid income tax of \$8,343 thousand and \$2,685 thousand have been deducted, respectively, from income tax payable as of December 31, 2022 and 2021.

c. The movements of deferred tax assets and liabilities

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>			
Temporary differences			
Payable for annual leave	\$ 1,948	\$ (92)	\$ 1,856
Allowance for loss on inventories	7,502	(780)	6,722
Others	<u>7,466</u>	<u>3,364</u>	<u>10,830</u>
	<u>\$ 16,916</u>	<u>\$ 2,492</u>	<u>\$ 19,408</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Exchange differences on foreign operations	\$ 5,846	\$ -	\$ 5,846
Others	<u>85</u>	<u>(22)</u>	<u>63</u>
	<u>\$ 5,931</u>	<u>\$ (22)</u>	<u>\$ 5,909</u>

For the year ended December 31, 2021

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>			
Temporary differences			
Payable for annual leave	\$ 1,651	\$ 297	\$ 1,948
Allowance for loss on inventories	3,767	3,735	7,502
Others	<u>5,627</u>	<u>1,839</u>	<u>7,466</u>
	<u>\$ 11,045</u>	<u>\$ 5,871</u>	<u>\$ 16,916</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Exchange differences on foreign operations	\$ 5,846	\$ -	\$ 5,846
Others	<u>242</u>	<u>(157)</u>	<u>85</u>
	<u>\$ 6,088</u>	<u>\$ (157)</u>	<u>\$ 5,931</u>

d. Income tax assessments

Income tax returns through 2020 and undistributed earnings through 2019 of the Corporation has been assessed by the tax authorities.

## 21. EARNINGS PER SHARE

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Net income for the year	<u>\$ 1,091,229</u>	<u>\$ 1,213,916</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of basic earnings per share	247,983	247,983
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>588</u>	<u>549</u>
Weighted average number of ordinary shares in the computation of diluted earnings per share	<u>248,571</u>	<u>248,532</u>
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	<u>\$4.40</u>	<u>\$4.90</u>
Diluted earnings per share	<u>\$4.39</u>	<u>\$4.88</u>

If the Corporation can settle bonus to employees in cash or shares, the Corporation should assume the entire amount of the bonus will be settled in shares and the resulting potential shares, if dilutive, should be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The pro-forma net income and earnings per share, assuming the Corporation's share held by subsidiaries were treated as investment instead of treasury shares, were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Net income for the year	<u>\$ 1,181,150</u>	<u>\$ 1,320,965</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of pro forma basic earnings per share	269,393	269,393
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>588</u>	<u>549</u>
Weighted average number of ordinary shares in the computation of pro forma diluted earnings per share	<u>269,981</u>	<u>269,942</u>
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	<u>\$4.38</u>	<u>\$4.90</u>
Diluted earnings per share	<u>\$4.37</u>	<u>\$4.89</u>



## 22. SHARE-BASED PAYMENT ARRANGEMENTS

On May 26, 2022, the shareholders in their meeting approved to issue 3,000 thousand shares under a restricted share plan for employees with a total amount of \$30,000 thousand, which was approved by the FSC. Vesting conditions of restricted stock awards (RSAs) are as follows:

- a. The employees remain employed by the Group on the last date of each vesting period, and the employees' performance metrics and the Group's operational goal are met at the same time, and during the vesting period, the employees may not breach labor contracts with the Group or be given a major demerit according to the Group's rewards and punishment regulations.
- b. The maximum percentage of granted RSAs that may be vested each year shall be as follows: one year anniversary of the grant: 33%; two-year anniversary of the grant: 33%; and three-year anniversary of the grant: 34%; or the maximum percentage of granted RSAs that may be vested for the three years from 2022 to 2024 will be set as 100%; provided that the actual percentage and number of the RSAs to be vested in each year will be calculated based on the achievement of the employees' performance metrics and the Group's operational goals.

Restrictions imposed on the employees' rights in the RSAs before the vesting conditions are fulfilled:

- a. During each vesting period, no employees granted RSAs may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested RSAs according to trust agreement.
- b. The attendance, proposal rights, speech rights, voting rights shall be exercised by the engaged trustee on the employees' behalf.
- c. The RSAs should be delivered to trust custodians upon the grant date. The employees cannot request for refund by all means before the vesting conditions are fulfilled.
- d. If the Group applies for non-statutory capital reduction, the RSAs should be cancelled in proportion to the capital reduction. The refund of cash shall be delivered to the engaged trustee before the vesting conditions are fulfilled. If the vesting conditions are not fulfilled, the Group will withdraw the refund of cash.
- e. Except for the aforementioned restrictions, before the vesting conditions are fulfilled, any other shareholders' rights including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of common shares of the Group. The operations will be executed under trust agreement.

On August 3, 2022, the board of directors approved to issue 3,000 thousand shares under a restricted share plan for employees with a par value of \$10 per share and a total amount of \$30,000 thousand. The grant date was September 1, 2022, and the closing price was \$73.10. As of December 31, 2022, the RSAs are not vested.

On December 21, 2022, the board of directors resolved to cancel 60 thousand shares that did not meet the vesting conditions (the portion allocated to employees of subsidiaries) with a par value of \$10 and amounting to a total of \$600 thousand, and set December 21, 2022 as the capital reduction record date.

For the year ended December 31, 2022, the compensation cost recognized on the RSAs was \$36,687 thousand.

## 23. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of debt and equity of the Corporation (comprising issued capital, capital surplus, retained earnings and other equity).

Key management personnel of the Corporation review the capital structure on a periodic basis. As part of this review, the Corporation considers the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

## 24. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments that are not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

### b. Fair value of financial instruments that are measured at fair value on a recurring basis

#### 1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 1,729,941	\$ 1,729,941
Mutual funds	<u>855,498</u>	<u>-</u>	<u>-</u>	<u>855,498</u>
	<u>\$ 855,498</u>	<u>\$ -</u>	<u>\$ 1,729,941</u>	<u>\$ 2,585,439</u>
Financial assets at FVTOCI				
Listed shares	\$ 1,017	\$ -	\$ -	\$ 1,017
Unlisted shares	<u>-</u>	<u>-</u>	<u>47,653</u>	<u>47,653</u>
	<u>\$ 1,017</u>	<u>\$ -</u>	<u>\$ 47,653</u>	<u>\$ 48,670</u>
<u>December 31, 2021</u>				
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 1,397,540	\$ 1,397,540
Mutual funds	<u>1,372,250</u>	<u>-</u>	<u>-</u>	<u>1,372,250</u>
	<u>\$ 1,372,250</u>	<u>\$ -</u>	<u>\$ 1,397,540</u>	<u>\$ 2,769,790</u>
Financial assets at FVTOCI				
Unlisted shares	<u>-</u>	<u>-</u>	<u>25,549</u>	<u>25,549</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>	
Balance at January 1	\$ 1,397,540	\$ 25,549	\$ 1,423,089
Recognized in profit or loss	332,401	-	332,401
Recognized in other comprehensive income	-	(926)	(926)
Purchases	-	23,030	23,030
Balance at December 31	<u>\$ 1,729,941</u>	<u>\$ 47,653</u>	<u>\$ 1,777,594</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 332,401</u>		<u>\$ 332,401</u>

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTPL</b>	<b>Financial Assets at FVTOCI</b>	<b>Total</b>
	<b>Equity Instruments</b>	<b>Equity Instruments</b>	
Balance at January 1	\$ 1,352,228	\$ 1,001	\$ 1,353,229
Recognized in profit or loss	45,534	-	45,534
Recognized in other comprehensive income	-	837	837
Purchases	-	24,600	24,600
Capital reduction	-	(889)	(889)
Capital surplus distributed as cash dividends	(222)	-	(222)
Balance at December 31	<u>\$ 1,397,540</u>	<u>\$ 25,549</u>	<u>\$ 1,423,089</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 45,534</u>		<u>\$ 45,534</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Taiwan Futures Exchange	The market approach is used to arrive at their fair values for which the recent financial activities of investees, the market transaction prices of the similar companies and market conditions are considered. Significant unobservable inputs are discounted considering marketability.
Unlisted shares and others	The assets approach is used to the individual assets and individual liabilities to reflect the overall value of the investment target. Significant unobservable inputs are discounted considering marketability.

c. Categories of financial instruments

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
FVTPL	\$ 2,585,439	\$ 2,769,790
Amortized cost (1)	2,945,617	2,490,219
FVTOCI	48,670	25,549
<u>Financial liabilities</u>		
Amortized cost (2)	6,334,271	5,458,149

- 1) The balances include financial assets at amortized cost, which comprise cash, notes receivable, accounts receivable, receivables from related parties, refundable deposits - current, refundable deposits - non-current, other receivables, lease receivables - current (included in other current assets), lease receivables - non-current (included in other non-current assets), long-term receivables, pledged time deposits - current (included in other current financial assets) and pledged time deposits - non-current (included in other non-current financial assets).
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payable, payables to related parties, other payables, guarantee deposits received (included in other non-current liabilities) and bonds payable.

d. Financial risk management objectives and policies

The Corporation's main target of financial risk management is to manage the market risk related to operating activity (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. To reduce the potential and detrimental influence of the fluctuations in market on the Corporation's financial performance, the Corporation endeavors to identify, estimate and hedge the uncertainties of the market.

The Corporation's significant financial activity is reviewed and approved by the board of directors and audit committee in compliance with related regulations and internal control policy, and the authority and responsibility are delegated according to the operating procedures.

1) Market risk

a) Foreign currency risk

The Corporation has foreign currency sales, purchases and borrowings, which were exposed to foreign currency risk. The Corporation designated a department to monitor exchange rate fluctuations in timely manner and change foreign currency position to control and mitigate such risks as soon as possible.

The sensitivity analysis focused on outstanding foreign currency denominated monetary assets and monetary liabilities (mainly USD) at the end of the reporting period. A positive number below indicates an increase/decrease in pre-tax net income associated with New Taiwan dollars strengthening/weakening 5% against the relevant currency.

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
(Decrease) increase/(Increase) decrease	\$ (313)	\$ 1,649

b) Interest rate risk

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 261,566	\$ 137,063
Financial liabilities	3,556,004	3,125,288
Cash flow interest rate risk		
Financial assets	394,950	337,890

The Corporation acquires better interest rate through long-term cooperation with banks; therefore, the effect of interest rate fluctuations is immaterial.

The sensitivity analyses below were determined based on financial assets and financial liabilities with floating interest rates at the end of reporting period. If interest rates had been 10 basis points (0.1%) higher/lower, the Corporation's pre-tax net income effect would have been as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Increase/decrease	\$ 395	\$ 338

c) Other price risk

The Corporation was exposed to price risk through its investments in shares, corporate bonds and mutual funds. The Corporation established a real-time control system for the price risk, and management does not anticipate any material loss due to this risk.

The sensitivity analyses of the above investment were determined based on financial assets which were measured at fair value at the end of reporting period. If market prices had been 5% higher/lower, the effects on the Corporation's pre-tax net income and other comprehensive income would have been as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Pre-tax net income		
Increase/decrease	\$ 129,272	\$ 138,490
Other comprehensive income		
Increase/decrease	2,434	1,277

## 2) Credit risk

Credit risk represents the potential loss that would be incurred by the Corporation if the counterparties breached contracts. Generally, the maximum exposures to credit risk for financial assets at the balance sheet date are their carrying amounts.

The Corporation designated a department to manage accounts receivable, establish management policies and develop credit limit management procedures to ensure its benefit. The corporation also choose creditworthy financial institutions with good credit rating as counterparties to reduce credit risk.

Since the counterparties are creditworthy financial institutions and enterprises and the concentration of credit risk is not significant, the credit risk is anticipated to be immaterial.

## 3) Liquidity risk

The Corporation puts in place inventory management system, procedures for collections and payments, and develops cash flow forecast to ensure the liquidity of operating capital. In addition, the Corporation invests idle funds in short-term investments under consideration of liquidity, security and profitability. The Corporation also maintains banking facilities to ensure the liquidity of cash.

The Corporation has sufficient working capital to meet the cash needs for their operations. Thus, no material liquidity risk is anticipated.

In addition, the Corporation's investments in mutual funds and listed shares are traded in active markets and can readily be sold in the market at their approximate fair values. However, the Corporation also invested in unlisted stocks without quoted market prices in an active market, and higher liquidity risk is anticipated.

## 25. TRANSACTIONS WITH RELATED PARTIES

Except for those disclosed in other notes, transactions between the Corporation and related parties are disclosed below.

### a. Related parties and their relationship with the Corporation

<u>Related Parties</u>	<u>Relationship with the Corporation</u>
Taifon Computer Co., Ltd. (Taifon)	Subsidiary
System Solutions Corporation (System Solutions)	Subsidiary
Syspower Corporation (Syspower)	Subsidiary
Concord System Management Corporation (CSMC)	Subsidiary
Nexsys Corporation (Nexsys)	Subsidiary
Ching Pu Investment Corporation (Ching Pu)	Subsidiary
Golden Bridge Corporation (GBC)	Subsidiary
Hanmore Investment Corporation (Hanmore)	Subsidiary
Kimo.com (BVI) Corporation (Kimo BVI)	Subsidiary
Naturint Corporation (Naturint)	Subsidiary
System Software & Service Corporation (SSSC)	Subsidiary
Softmobile Technology Corporation (Softmobile)	Subsidiary
Syscore Corporation (Syscore)	Subsidiary
Syslink Corporation (Syslink)	Subsidiary
Syswiser Technology Corporation (Syswiser)	Subsidiary
Smartsys Technology Corporation (Smartsys)	Subsidiary
Top Information Technologies Co., Ltd. (Top Information)	Subsidiary
E-service Information Corporation (E-service)	Subsidiary
Taiwan Information Service Technology Corporation (TIST)	Subsidiary
Palsys Digital Technology Corporation (Palsys)	Subsidiary
uniXecure Corporation (uniXecure)	Subsidiary
Docutek Solutions, Inc. (Docutek Solutions)	Subsidiary
MISYS Corporation (MISYS)	Subsidiary
System Information (HK) Ltd. (System HK)	Subsidiary
System Information (Shanghai) Ltd. (System)	Subsidiary
Systemware Shenglong Information Systems Co., Ltd. (Systemware Shenglong)	Subsidiary
System Rainbow Tech Inc. (System Rainbow)	Subsidiary
System Group (China) Limited (System China)	Subsidiary
Dawning Technology Inc. (Dawning)	Subsidiary
Investment Media Ltd. (IM)	Associate
Sanfran Technologies Inc. (Sanfran)	Associate
Systemweb Technologies Co., Ltd. (Systemweb)	Associate
Shengsen Cloud Technology (Shengsen)	Associate
Frog-jump Information Co., Ltd. (Frog-jump)	Associate
Retail System Co., Ltd. (Retail System)	Associate
Neweb Information Co., Ltd. (Neweb)	Associate
Fuco Technology Co., Ltd. (Fuco)	Associate
AIWin Technology Co., Ltd. (AIWin)	Associate
Genesis Technology Inc. (Genesis)	Associate
FinRobo Advisor Securities Investment Consulting Co., Ltd. (FinRobo)	Associate
Bao Ruh Electronic Co., Ltd. (Bao Ruh)	Associate
CKmates International Co., Ltd. (CKmates)	Associate
Teamplus Technology Inc. (Teamplus)	Associate
Asiavest Capital Co., Ltd. (Asiavest)	Other related party
Green World FinTech Service Co., Ltd. (Green World)	Director of subsidiary

b. Operating revenue

Line Items	Related Party Categories	For the Year Ended December 31	
		2022	2021
Sales	Subsidiary	\$ 124,855	\$ 104,456
	Associate	<u>28,085</u>	<u>27,506</u>
		<u>\$ 152,940</u>	<u>\$ 131,962</u>
Service revenue	Subsidiary	\$ 147,285	\$ 137,847
	Associate	<u>6,342</u>	<u>5,560</u>
		<u>\$ 153,627</u>	<u>\$ 143,407</u>

c. Purchases

Related Party Categories	For the Year Ended December 31	
	2022	2021
Subsidiary		
SSSC	\$ 1,022,212	\$ 1,252,017
Others	882,953	344,636
Associate	<u>18,973</u>	<u>44,000</u>
	<u>\$ 1,924,138</u>	<u>\$ 1,640,653</u>

d. Receivables from related parties

Line Items	Related Party Categories	December 31	
		2022	2021
Receivables from related parties	Subsidiary	\$ 113,974	\$ 109,917
	Associate	<u>7,733</u>	<u>3,686</u>
		<u>121,707</u>	<u>113,603</u>
Loans and interest receivables from related parties	Subsidiary		
	CSMC	-	140,072
	SSSC	-	80,041
	Systex Solutions	<u>-</u>	<u>80,041</u>
		<u>-</u>	<u>300,154</u>
		<u>\$ 121,707</u>	<u>\$ 413,757</u>

The Corporation provided short-term loans to CSMC, SSSC and Systex Solutions. Such loans are due in December 2022, with a fixed interest rate of 1.25%, and the principal and interest will be repaid in full on the maturity date.



e. Payables to related parties

Line Items	Related Party Categories	December 31	
		2022	2021
Payables to related parties	Subsidiary		
	SSSC	\$ 678,472	\$ 222,466
	Others	201,499	176,067
	Associate	<u>9,964</u>	<u>18,753</u>
		<u>\$ 889,935</u>	<u>\$ 417,286</u>

The product/service sales and purchase transactions with related parties were conducted under pricing terms similar to those with third parties, i.e., for purchases or sales of similar products/services, except those transactions on products/services with special specifications. Settlement terms for related-party transactions were similar to those for third parties.

f. Acquisition of property, plant and equipment and computer software

Related Party Categories	For the Year Ended December 31	
	2022	2021
Subsidiary		
Dawning	\$ 24,143	\$ 744
Others	20,978	8,439
Associate	<u>240</u>	<u>-</u>
	<u>\$ 45,361</u>	<u>\$ 9,183</u>

g. Disposal of property, plant and equipment and computer software

Related Party Categories	Proceeds		Gain on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Subsidiary	\$ 276	\$ 79	\$ -	\$ -
Other related parties	<u>-</u>	<u>1,619</u>	<u>-</u>	<u>62</u>
	<u>\$ 276</u>	<u>\$ 1,698</u>	<u>\$ -</u>	<u>\$ 62</u>

h. Other transactions with related parties

Line Items	Related Party Categories	For the Year Ended December 31	
		2022	2021
Service cost	Subsidiary	\$ 61,702	\$ 63,006
	Associate	<u>19,785</u>	<u>19,813</u>
		<u>\$ 81,487</u>	<u>\$ 82,819</u>
Operating expenses	Subsidiary	\$ 22,261	\$ 14,439
	Associate	<u>4,068</u>	<u>1,265</u>
		<u>\$ 26,329</u>	<u>\$ 15,704</u>
Revenue of management fee (recognized as deduction of operating expenses)	Subsidiary	<u>\$ 122,941</u>	<u>\$ 104,402</u>
Other income	Subsidiary		
	Nexsys	\$ 3,484	\$ 3,484
	Others	1,777	1,751
	Associate	<u>-</u>	<u>204</u>
		<u>\$ 5,261</u>	<u>\$ 5,439</u>
Interest income	Subsidiary		
	CSMC	\$ 2,243	\$ 72
	SSSC	1,653	41
	System Solutions	<u>959</u>	<u>41</u>
		<u>\$ 4,855</u>	<u>\$ 154</u>

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 138,151	\$ 132,274
Post-employment benefits	1,860	2,782
Termination benefits	3,460	-
Share-based payment	<u>31,054</u>	<u>-</u>
	<u>\$ 174,525</u>	<u>\$ 135,056</u>

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

## 26. PLEDGED ASSETS

The following assets were pledged as the Corporation's collateral for contract guarantees, guarantees for gift certificates and gift cards issued and import duty guarantee:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Pledged time deposits - current (included in other financial assets - current)	\$ 226,017	\$ 87,411
Pledged time deposits - non-current (included in other financial assets - non-current)	<u>35,549</u>	<u>49,653</u>
	<u>\$ 261,566</u>	<u>\$ 137,064</u>

## 27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation as of December 31, 2022 and 2021 were as follows:

- a. Unused letters of credit of the Corporation in aggregate amount were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$ 658</u>	<u>\$ 695</u>

- b. Outstanding sales contracts of the Corporation in the amount were as follows:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
	<u>\$ 3,541,429</u>	<u>\$ 3,586,874</u>

- c. Please refer to Table 2 for information that the Corporation provided endorsements for others.
- d. The Corporation issues gift certificates and gift cards. For the handling of advance receipts from customers for sold gift certificates and gift cards, the Corporation entered into a trust agreement with E.SUN Commercial Bank according to the "Provision to be Included in Standard Form Contract of All Sorts of Gift Certificates of Retail Companies" issued by the Ministry of Economic Affairs. According to the trust agreement, the Corporation opened a trust account in E.SUN Commercial Bank. Advance receipts from customers for sold gift certificates are deposited in the trust account and amounts for services already provided to customers are paid to the Corporation on a monthly basis. The balance in the trust account should be not lower than the amount of outstanding gift certificates and gift cards. As of December 31, 2022, the Corporation's assets in the trust account amounted to \$107,896 thousand (included in other financial assets).

## 28. OTHER ITEMS

Due to the impact of the COVID-19 pandemic which has evolved globally and currently in Taiwan, some of the Corporation's subsidiaries, clients and suppliers in certain locations are subject to quarantine and traveling restriction policies. The Corporation has considered the overall operating and financial impacts to be immaterial. There is no doubt on the Corporation's ability to continue as a going concern, and there is no impairment of assets or financing risk recognized.

**29. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

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

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary item			
USD	\$ 1,985	30.71	\$ 60,967
Non-monetary item			
Investment accounted for using equity method			
USD	215,018	30.71	6,603,194
<u>Financial liabilities</u>			
Monetary item			
USD	2,189	30.71	67,226

December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary item			
USD	\$ 3,376	27.68	\$ 93,456
Non-monetary item			
Investment accounted for using equity method			
USD	234,107	27.68	6,480,076
<u>Financial liabilities</u>			
Monetary item			
USD	2,185	27.68	60,471

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

	<b>For the Year Ended December 31</b>			
	<b>2022</b>	<b>Net Foreign Exchange Gains (Losses)</b>	<b>2021</b>	<b>Net Foreign Exchange Gains (Losses)</b>
<b>Foreign Currency</b>	<b>Exchange Rate</b>		<b>Exchange Rate</b>	
USD	30.71	\$ <u>290</u>	27.68	\$ <u>(38)</u>

### 30. SEPARATELY DISCLOSED ITEMS

- a. Information on significant transactions and b. information on investees:
- 1) Financing provided to others (Table 1)
  - 2) Endorsements/guarantees provided (Table 2)
  - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
  - 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
  - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
  - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
  - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
  - 9) Trading in derivative instruments (None)
  - 10) Information on investees (Table 7)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 5):
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
    - c) The amount of property transactions and the amount of the resultant gains or losses
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

**SYSTEMX CORPORATION**

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 21)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
0	Systemx Corporation	Systemx Software & Service Corporation Systemx Solutions Corporation Concord System Management Corporation	Receivables from related parties Receivables from related parties Receivables from related parties	Y Y Y	\$ 800,000 300,000 500,000	\$ - - 500,000	- - -	- - 2.00	Short-term financing Short-term financing Short-term financing	- - -	Operating capital Operating capital Operating capital	\$ - - -	\$ 2,813,632 2,813,632 2,813,632	\$ 5,627,264 5,627,264 5,627,264	(Note 3) (Note 4) (Note 5)		
1	Systemx Group (China) Ltd.	Systemx Information (Shanghai) Ltd. Systemx Rainbow Tech Inc. Sysware Shenglong Information Systems Co., Ltd. Systemx Ucom (Shanghai) Information Ltd. Co.	Receivables from related parties Receivables from related parties Receivables from related parties Receivables from related parties	Y Y Y Y	135,276 225,460 22,546 225,460	132,282 220,470 22,047 220,470	13,228 88,188 - -	1-6.16 1-6.16 1-6.16 1-6.16	Short-term financing Short-term financing Short-term financing Short-term financing	- - - -	Operating capital Operating capital Operating capital Operating capital	- - - -	2,813,632 2,813,632 2,813,632 2,813,632	5,627,264 5,627,264 5,627,264 5,627,264	(Note 6) (Note 7) (Note 8) (Note 9)		
2	Systemx Information (Shanghai) Ltd.	Systemx Group (China) Ltd. Systemx Rainbow Tech Inc. Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties Receivables from related parties Receivables from related parties	Y Y Y	270,552 45,092 45,092	264,564 44,094 44,094	- - -	1-6.16 1-6.16 1-6.16	Short-term financing Short-term financing Short-term financing	- - -	Operating capital Operating capital Operating capital	- - -	2,813,632 2,813,632 2,813,632	5,627,264 5,627,264 5,627,264	(Note 10) (Note 11) (Note 12)		
3	Systemx Rainbow Tech Inc.	Systemx Group (China) Ltd. Systemx Information (Shanghai) Ltd.	Receivables from related parties Receivables from related parties	Y Y	90,184 45,092	88,188 44,094	- -	1-6.16 1-6.16	Short-term financing Short-term financing	- -	Operating capital Operating capital	- -	2,813,632 2,813,632	5,627,264 5,627,264	(Note 13) (Note 14)		
4	Sysware Shenglong Information Systems Co., Ltd.	Systemx Group (China) Ltd. Systemx Information (Shanghai) Ltd.	Receivables from related parties Receivables from related parties	Y Y	45,092 45,092	44,094 44,094	- 44,094	1-6.16 1-6.16	Short-term financing Short-term financing	- -	Operating capital Operating capital	- -	2,813,632 2,813,632	5,627,264 5,627,264	(Note 15) (Note 16)		
5	Syspower Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	160,000	160,000	160,000	2.00	Short-term financing	-	Operating capital	-	197,749	197,749	(Note 17)		
6	Concord System Management Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	70,000	70,000	-	2.00	Business Relations	233,321	Operating capital	-	233,321	165,928	(Note 18)		
7	Syscore Corporation	Concord System Management Corporation	Receivables from related parties	Y	150,000	150,000	150,000	2.00	Short-term financing	-	Operating capital	-	1,267,435	1,267,435	(Note 19)		
8	Syslink Corporation	Concord System Management Corporation	Receivables from related parties	Y	150,000	150,000	150,000	2.00	Short-term financing	-	Operating capital	-	481,248	481,248	(Note 20)		

Note 1: Loans to individual company shall not exceed 20% of the lender's net equity, except for 40% net equity of Syspower Corporation, Syscore Corporation and Syslink Corporation and the amount of business relations between the company and Concord System Management Corporation. If it is for short-term financing between foreign companies in which the Corporation holds a 100% interest, the financing limit is not subject to the prior limitation but shall not exceed 20% of the Corporation's net equity.

Note 2: Total loans shall not exceed 40% of the lender's net equity. If it is for short-term financing between foreign companies in which the Corporation holds a 100% interest, the total loans are not subject to the prior limitation but shall not exceed 40% of the Corporation's net equity.

Note 3: The highest balance for the period is NT\$800,000 thousand.

Note 4: The highest balance for the period is NT\$500,000 thousand.

Note 5: The highest balance for the period is NT\$500,000 thousand. The ending balance is NT\$500,000 thousand, which has not been withdrawn.

(Continued)

Note 6: The highest balance for the period is NT\$135,276 thousand (RMB30,000 thousand). The ending balance is NT\$132,282 thousand (RMB30,000 thousand), including NT\$119,054 thousand (RMB27,000 thousand) which has not been withdrawn.

Note 7: The highest balance for the period is NT\$225,460 thousand (RMB50,000 thousand). The ending balance is NT\$220,470 thousand (RMB50,000 thousand), including NT\$132,282 thousand (RMB30,000 thousand) which has not been withdrawn.

Note 8: The highest balance for the period is NT\$22,546 thousand (RMB5,000 thousand). The ending balance is NT\$22,047 thousand (RMB5,000 thousand) which has not been withdrawn.

Note 9: The highest balance for the period is NT\$225,460 thousand (RMB50,000 thousand). The ending balance is NT\$220,470 thousand (RMB50,000 thousand) which has not been withdrawn.

Note 10: The highest balance for the period is NT\$270,552 thousand (RMB60,000 thousand). The ending balance is NT\$264,564 thousand (RMB60,000 thousand) which has not been withdrawn.

Note 11: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 12: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 13: The highest balance for the period is NT\$90,184 thousand (RMB20,000 thousand). The ending balance is NT\$88,188 thousand (RMB20,000 thousand) which has not been withdrawn.

Note 14: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 15: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 16: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 17: The highest balance for the period is NT\$160,000 thousand. The ending balance is NT\$160,000 thousand which has been withdrawn.

Note 18: The highest balance for the period is NT\$70,000 thousand. The ending balance is NT\$70,000 thousand which has not been withdrawn.

Note 19: The highest balance for the period is NT\$150,000 thousand. The ending balance is NT\$150,000 thousand which has been withdrawn.

Note 20: The highest balance for the period is NT\$150,000 thousand. The ending balance is NT\$150,000 thousand which has been withdrawn.

Note 21: The ending balance of actual amount borrowed has been eliminated in the consolidated financial statements.

(Concluded)



**SYSTEX CORPORATION**

**ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2022**  
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
0	System Corporation	System Information (HK) Ltd. System Group (China) Ltd. System Information (Shanghai) Ltd. System Rainbow Tech Inc. System Ucom (Shanghai) Information Ltd. Co. System Software & Service Corporation	b b b b b b	\$ 3,517,040 3,517,040 3,517,040 3,517,040 3,517,040 3,517,040	\$ 402,688 1,819,322 16,108 48,323 135,276 1,000,000	\$ 383,875 1,759,086 15,355 46,065 132,282 1,000,000	\$ 85,619 643,493 - - 39,949 572,603	\$ - - - - - -	2.73 12.50 0.11 0.33 0.94 7.11	\$ 7,034,080 7,034,080 7,034,080 7,034,080 7,034,080 7,034,080	Y Y Y Y Y Y	N N N N N N	N Y Y Y Y N	(Notes 2 and 3) (Notes 2 and 3) (Notes 2 and 3) (Notes 2 and 3) (Notes 2 and 3) (Notes 2 and 3) (Notes 2 and 3)
1	System Information (Shanghai) Ltd.	System Group (China) Ltd.	d	862,647	225,460	220,470	65,603	220,470	51.11	862,647	N	N	Y	(Notes 4 and 5)

Note 1: There are seven types of relationships between the endorser and the endorsed party.

- Companies that have business dealings.
- A company in which the company directly or indirectly holds more than 50% of the voting shares.
- Companies in which the company directly or indirectly holds more than 50% of the voting shares.
- Companies in which the company directly or indirectly holds more than 90% of the voting shares.
- A company that is mutually insured under a contract between peers or co-founders for the purpose of contracting for work.
- A company whose joint investment is guaranteed by all contributing shareholders in proportion to their shareholdings.
- Inter-industry companies that engage in performance guarantee and joint guarantee for pre-sale contracts in accordance with the Consumer Protection Act.

Note 2: Limits on endorsements/guarantees amount shall not exceed 25% of the net worth of the provider.

Note 3: The maximum balance for the period shall not exceed 50% of the net worth of the provider.

Note 4: Limits on endorsements/guarantees amount shall not exceed 200% of the net worth in previous year end of the provider.

Note 5: The maximum balance for the period shall not exceed 200% of the net worth in previous year end of the provider.

## SYSTEX CORPORATION

MARKETABLE SECURITIES HELD  
DECEMBER 31, 2022  
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
Controlling company - Systex Corporation	Ordinary shares			56,226	\$ -	0.74	-
	GCH Systems			15,718,664	1,475,146	3.28	1,475,146
	Taiwan Futures Exchange Corporation			795,895	-	1.79	-
	Saho Corporation			25,263,076	221,039	8.42	221,039
	Far Eastern Electronic Toll Collection Co., Ltd.			1,108,592	20,819	4.22	20,819
	Sysjust Co., Ltd.			300,000	1,956	6.42	1,956
	3Probe Technologies Co., Ltd.			1,260,000	10,981	14.63	10,981
	Da Ho Marketing Co., Ltd.			808,415	-	0.20	-
	Princo Co., Ltd.			471,700	-	3.20	-
	Wegoluck Co., Ltd.			150,000	-	3.57	-
	Yankey Inc.			3,404,000	-	1.54	-
	Gemini Data Inc.			52,184	743	0.50	743
	Prudence Capital Management Co., Ltd.			555,560	15,000	1.75	15,000
	Alpha Core Philosophy Co., Ltd.			600,000	8,880	6.12	8,880
	iSpan International Inc.			164,500	23,030	2.58	23,030
	Firstweb Limited.			5,000	1,017	-	1,017
	Ennocom Corporation						
	Preference shares						
	Gemini Data, Inc.			7,720,167	-	3.50	-
	Mutual funds						
	Capital Money Market Fund				190,080	-	190,080
	Taishin Ta Chong Money Market Fund				190,121	-	190,121
	Yuantia De-Li Money Market Fund				95,030	-	95,030
FSITC Money Market Fund				95,073	-	95,073	
Fubon Chi-Hsiang Money Market Fund				95,076	-	95,076	
UPAMC James Bond Money Market Fund				190,118	-	190,118	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note	
				Number of Shares	Carrying Amount	Percentage of Ownership (%)		Fair Value
Subordinate company - Ching Pu Investment Corporation	Ordinary shares	Parent company	Financial assets at FVTOCI - non-current Financial assets at FVTPL - current Financial assets at FVTPL - non-current " " " " " " " " "	10,981,476 2,634,148 1,177,629 8,558,064 1,276,448 28,964 64,063 111,829 326,000	\$ 763,213 165,951 - - 23,971 - - - -	4.03 2.65 6.57 2.08 4.85 0.04 0.37 0.22 0.54	\$ 763,213 165,951 - - 23,971 - - - -	(Note 2)
	Systex Corporation							
	Castles Technology Co., Ltd.							
	Enova Technology Corp.							
	Princo Co., Ltd.							
	Sysjust Co., Ltd.							
	Jasper Display Corp.							
	Axtronics Inc.							
	Universal EC Inc.							
	Taiwan Electronic Packaging Co., Ltd.							
Subordinate company - Taiwan Information Service	Mutual funds	Parent company	Financial assets at FVTPL - current " " " " " " " " "	3,000,000 2,048,677 1,000,000 875,918 581,717	63,930 32,915 9,958 13,462 8,056	- - - - -	63,930 32,915 9,958 13,462 8,056	
	Fuh Hwa Lengend Fund VI							
	PGIM Prudential Financial Money Market Fund							
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund-TWD (A)							
	Yuanta Wan Tai Money Market Fund							
	Pinebridge Taiwan Money Market Fund							
	Ordinary shares							
	Changzhou Xinguotai Information Equipment Co., Ltd.							
	Taitone International Ltd.							
	Drpacific-Greater China, Inc.							
Subordinate company - Golden Bridge Corporation	Mutual funds	Parent company	Financial assets at FVTPL - current " " " " " " " " "	168,522	30,511	-	30,511	
	FSITC Money Market Fund							
	Mutual funds							
	FSITC Money Market Fund							
	Taishin Ta-Chong Money Market Fund							
	Hua Nan Phoenix Money Market Fund							
	PGIM Prudential Financial Money Market Fund							
	Mutual funds							
	Capital Money Market Fund							
	Mutual funds							
Yuanta Wan Tai Money Market Fund								
Jih Sun Money Market Fund								
Yuanta De-Bao Money Market Fund								
Yuanta De-Li Money Market Fund								
Subordinate company - Softmobile Technology Corporation	Mutual funds	Parent company	Financial assets at FVTPL - current " " " " " " " " "	2,875,982	47,123	-	47,123	
	Capital Money Market Fund							
	Mutual funds							
	Yuanta Wan Tai Money Market Fund							
	Jih Sun Money Market Fund							
	Yuanta De-Bao Money Market Fund							
	Yuanta De-Li Money Market Fund							
	Mutual funds							
	Yuanta Wan Tai Money Market Fund							
	Jih Sun Money Market Fund							
Yuanta De-Bao Money Market Fund								
Yuanta De-Li Money Market Fund								
Subordinate company - Nexsys Corporation	Mutual funds	Parent company	Financial assets at FVTPL - current " " " " " " " " "	1,961,598 2,009,489 2,880,287 5,574,867	30,150 30,285 35,144 92,372	-	30,150 30,285 35,144 92,372	
	Yuanta Wan Tai Money Market Fund							
	Jih Sun Money Market Fund							
	Yuanta De-Bao Money Market Fund							
	Yuanta De-Li Money Market Fund							
	Mutual funds							
	Yuanta Wan Tai Money Market Fund							
	Jih Sun Money Market Fund							
	Yuanta De-Bao Money Market Fund							
	Yuanta De-Li Money Market Fund							

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note	
				Number of Shares	Carrying Amount	Percentage of Ownership (%)		Fair Value
Subordinate company - Hanmore Investment Corporation	Ordinary shares Systex Corporation	Parent company	Financial assets at FVTOCI - non-current	21,316,678	\$ 1,481,509	7.83	\$ 1,481,509 (Note 2)	
	Monterey International Corp.		Financial assets at FVTPL - non-current	1,196,371	10,610	4.68		
	Enova Technology Corp.		"	1,840,046	-	9.87		
	NITS Technology Inc.		"	3,910,646	-	5.83		
Subordinate company - Systex Capital Group, Inc.	Mutual funds PineBridge Taiwan Market Fund		Financial assets at FVTPL - current	1,163,323	16,110	-	16,110 8,615	
	PineBridge Global ESG Quantitative Bond Fund A.		"	968,720	8,615	-		
	Ordinary shares Com2B Corp.		Financial assets at FVTPL - non-current	1,000,000	-	2.22		-
	Techgains International Corp.		"	1,500,000	-	4.41		-
	Tradetrek.com Inc.		"	1,109,468	-	3.30		-
	Sipix Technology Limited		"	279,919	-	0.24		-
	Falcon Stor Software Inc.		Financial assets at FVTPL - current	4,000	101	0.07		101
	MagiCapital Fund II, L.P.		Financial assets at FVTOCI - non-current	-	162,624	2.91		162,624
	Preference shares Techgains Pan-Pacific Corporation		Financial assets at FVTPL - non-current	3,000,000	-	4.96		-
	CipherMax		"	73,703	-	0.74		-
	Tonbu Inc.		"	333,333	-	1.38		-
	Gemini Data, Inc.		Financial assets at FVTOCI - non-current	25,611,876	46,065	16.11		46,065
Other Current Ventures II Limited	Financial assets at FVTOCI - non-current	2,500,000	-	4.20	-			
Mutual funds GS Japan Equity Partners Portfolio Class P (ACC) (USD-HEDGED)		Financial assets at FVTPL - current	34,096	21,466	-	21,466 25,445 26,662 24,647 73,787		
GS US Core SM Equity Portfolio P (ACC) (SNAP) Shares		"	30,284	25,445	-			
GS GMS Global Equity Portfolio Mutual Fund		"	44,408	26,662	-			
Wellington Strategic European Equity Portfolio D USD Acc (Hedged)		"	33,745	24,647	-			
Unit Nomura Funds Ireland PLC A/US High Yield Bond		"	13,450	73,787	-			

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note	
				Number of Shares	Carrying Amount	Percentage of Ownership (%)		Fair Value
Subordinate company - Naturint Corporation	PIMCO Global High Yield Bond		Financial assets at FVTPL - current	145,719	\$ 111,473	-	\$ 111,473	
	RBC Funds (LUX) Global Equity Focus Fund A USD.ACC		"	4,416	24,368	-	24,368	
	JSS USD HIGH YIELD FUND		"	9,589	35,719	-	35,719	
	BLACKROCK BGF CHINA A-SHARE OPPORTUNITIES CLASS A SHARES		"	32,816	11,317	-	11,317	
	GS Emerging Markets Broad Equity Portfolio (ACC) Shares		"	22,011	10,586	-	10,586	
	GS Multi-manager US Equity Mutual Fund		"	28,786	25,097	-	25,097	
	Goldman Sachs High Yield Floating Rate Portfolio Fund		"	7,257	29,821	-	29,821	
	BLACKROCK BGF CONTINENTAL EUROPEAN FLEXIBLE FUND		"	22,116	13,054	-	13,054	
	GS Multi-manager US Small Cap Equity Fund		"	30,427	12,054	-	12,054	
	GS Asia Equity Portfolio Fund		"	21,027	11,559	-	11,559	
	Vulcan Value Equity Fund USD Accumulating Class		"	1,719	7,939	-	7,939	
	Mutual funds Union Money Market Fund		Financial assets at FVTPL - current	1,147,614	15,396	-	15,396	
	Subordinate company - Syscore Corporation	Ordinary shares Far Eastern Electronic Toll Collection Co., Ltd. Jetwell Computer Co., Ltd. GrandTech C.G. Systems Inc.		Financial assets at FVTPL - non-current	7,716,831	67,518	2.57	67,518
		Preference shares Taiwania Capital Buffalo Fund Preference Shares - Class A		Financial assets at FVTPL - current	72,000	3,730	0.18	3,730
Limited partnership Digital-Economy limited partnership			Financial assets at FVTOCI - non-current	600,000	32,160	0.97	32,160	
Preference shares Taiwania Capital Buffalo Fund Preference Shares - Class A			Financial assets at FVTPL - non-current	92,600,000	85,734	2.15	85,734	
Limited partnership Digital-Economy limited partnership			Financial assets at FVTPL - non-current	-	39,703	6.29	39,703	
Mutual funds Allianz Global Investors Taiwan Money Market Fund			Financial assets at FVTPL - current	4,200,734	53,498	-	53,498	
Allianz Global Investors US Short Duration High Income Bond Fund			"	3,000,000	30,944	-	30,944	
Fuh Hwa Legend Fund VI			"	19,702,970	419,870	-	419,870	
Fuh Hwa Money Market Fund			"	3,429,207	50,160	-	50,160	
Yuanta 0-2 Year Investment Grade Corporate Bond Fund-TWD (A)			"	2,000,000	19,916	-	19,916	
Yuanta Wan Tai Money Market Fund		"	729,523	11,212	-	11,212		

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
	<u>Corporate bond</u> Nan Shan Life Insurance Company, Ltd. 1st Perpetual Unsecured Subordinate Corporate Bond Issue in 2016		Financial assets at amortized cost - non-current	-	\$ 503,684	-	\$ 503,684 (Note 3)
Subordinate company - Syslink Corporation	<u>Ordinary shares</u> Onward Security Corporation Caloudi Corporation		Financial assets at FVTPL - non-current Financial assets at FVTOCI - non-current	6,630,000 1,225,000	8,364 26,342	11.02 19.68	8,364 26,342
	<u>Mutual funds</u> Yuanta Wan Tai Money Market Fund		Financial assets at FVTPL - current	145,905	2,242	-	2,242
Subordinate company - Syswiser Technology Corporation	<u>Mutual funds</u> UPAMC James Bond Money Market Fund TCB Money Market Fund		Financial assets at FVTPL - current "	654,135 1,365,015	11,085 14,060	- -	11,085 14,060
Subordinate company - Smartsys Technology Corporation	<u>Mutual funds</u> UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	100,612	1,705	-	1,705
Subordinate company - Top Information Co., Ltd.	<u>Mutual funds</u> Mega Diamond Money Market Fund Taishin 1699 Money Market Fund		Financial assets at FVTPL - current "	4,346,934 3,664,883	55,405 50,448	- -	55,405 50,448
Subordinate company - Kimo.com (BVI) Corporation	<u>Ordinary shares</u> ISHARES A50 (2823.HK) CSOP A50 (2822.HK)		Financial assets at FVTPL - current "	392,000 397,000	21,627 20,950	- -	21,627 20,950
	<u>Mutual funds</u> ALLIANZ INCOME AND GROWTH-CLASS AT ACC (USD) ALLIANZ GLOBAL ARTIFICIAL INTELLIGENCE-CLASS AT ACC (USD) ALLIANZ TOTAL RETURN ASIAN EQUITY-CLASS A DIS (USD) ALLIANZ CHINA A SHARES SHS-AT (USD)		Financial assets at FVTPL - current " " "	41,771 15,768 10,167 75,810	26,182 8,237 10,107 28,496	- - - -	26,182 8,237 10,107 28,496
	<u>Other</u> New Economy Ventures L.P		Financial assets at FVTPL - non-current	-	75,087	14.73	75,087
	<u>Preference shares</u> XREX Inc.		Financial assets at FVTOCI - non-current	254,148	11,056	0.96	11,056

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022			Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	
Subordinate company - Systong Corporation	Ordinary shares SMY Internet of Package Co., Ltd.		Financial assets at FVTOCI - non-current	234,568	\$ 15,716	19.00	\$ 15,716
	Mutual funds Fubon Chi-Hsiang Money Market Fund		Financial assets at FVTPL - current	15,589,282	248,016	-	248,016
	Mutual funds FSITC Money Market Fund		Financial assets at FVTPL - current	331,657	60,046	-	60,046
	Union Money Market Fund	"	"	752,483	10,095	-	10,095
	SinoPac TWD Money Market Fund	"	"	2,832,099	40,002	-	40,002
	Yuanta Wan Tai Money Market Fund	"	"	1,632,088	25,084	-	25,084
Subordinate company - MISYS Corporation	Mutual funds TCB Taiwan Money Market Fund		Financial assets at FVTPL - current	9,238,549	95,155	-	95,155
Subordinate company - Docutek Solutions, Inc.	Mutual funds JPMorgan Funds - US Technology Fund A (ACC) - USD		Financial assets at FVTPL - current	906	1,526	-	1,526
Subordinate company - Systex Software & Service Corporation	Mutual funds SinoPac TWD Money Market Fund		Financial assets at FVTPL - current	5,664,038	80,002	-	80,002
Subordinate company - Concord System Management Corporation	Mutual funds UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	4,130,720	70,000	-	70,000

Note 1: The securities mentioned in this table above are those classified as financial instruments under IFRS 9, including shares, bonds, mutual funds, and all other securities derived from those items.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 3: The carrying amount includes the unamortized bond premium of \$3,684 thousand generated from acquiring the bonds from the Corporation and Ching Pu Investment Corporation. In preparing the consolidated financial statements, the amount has been eliminated.

Note 4: Refer to Tables 7 and 8 for information on investment in subsidiaries and associates.

(Concluded)

## SYSTEX CORPORATION

## MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal		Ending Balance	
					Number of Shares	Amount (Note 1)	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount (Note 1)
Controlling company - Systex Corporation	Mutual funds											
	Fuh Hwa Money Market Fund	Financial assets at FVTPL - current	-	-	13,185,153	\$ 192,010	29,851,462	\$ 435,000	43,036,615	\$ 627,170	160	\$ -
	Capital Money Market Fund	Financial assets at FVTPL - current	-	-	9,210,164	150,049	23,214,480	380,000	20,823,714	340,397	348	11,600,930
	Taishin Ta-Chong Money Market Fund	Financial assets at FVTPL - current	-	-	13,387,966	192,068	26,378,818	380,000	26,592,372	382,447	379	13,174,412
	Yuanta De-Li Money Market Fund	Financial assets at FVTPL - current	-	-	14,578,709	240,034	16,962,141	280,000	25,805,555	425,311	277	5,735,295
	FSITC Money Market Fund	Financial assets at FVTPL - current	-	-	527,166	95,000	3,351,448	605,000	3,353,491	605,197	197	525,123
Subordinate company - Systex Software & Service Corporation	UPAMC James Bond Money Market Fund	Financial assets at FVTPL - current	-	-	8,896,596	150,053	22,468,574	380,000	20,146,262	340,485	432	11,218,908
	Mutual funds											
	Taishin Ta-Chong Money Market Fund	Financial assets at FVTPL - current	-	-	4,878,151	70,000	29,198,263	420,000	34,076,414	490,415	415	-
	Mega Diamond Money Market Fund	Financial assets at FVTPL - current	-	-	8,678,700	109,997	32,319,004	410,000	40,997,704	520,158	161	-
	SinoPac TWD Money Market Fund	Financial assets at FVTPL - current	-	-	7,120,833	100,000	46,883,021	660,000	48,339,816	680,475	475	5,664,038
	Ordinary shares	Investments accounted for using equity method	-	Subsidiary	100,000,000	1,000,000	60,000,000	600,000	-	-	-	160,000,000 (Note 2)
Subordinate company - Systex Capital Group, Inc.	Ordinary shares	Investments accounted for using equity method	-	Subsidiary	100,000,000	1,000,000	30,000,000	300,000	-	-	-	1,300,000 (Note 2)
	Ordinary shares	Investments accounted for using equity method	-	Subsidiary	65,000,000	650,000	75,000,000	750,000	-	-	-	1,400,000 (Note 2)

Note 1: Financial assets at fair value through profit or loss and investments accounted for using equity method are measured at acquisition costs.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.



## SYSTEX CORPORATION

## TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Buyer/Seller	Related Party	Relationship (Note)	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable)		
			Purchase/Sale	Amount (Note)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% of Total
Controlling company - Systex Corporation	System Software & Service Corporation	Subsidiary	Sale	\$ (111,376)	2	78 days after transaction month	\$	-	\$ 28,568	1
			Purchase	1,022,212	19	78 days after transaction month	-	-	(675,288)	32
			Purchase	109,568	2	78 days after transaction month	-	-	(10,080)	-
			Purchase	155,016	3	78 days after transaction month	-	-	(41,175)	2
			Purchase	138,212	3	78 days after transaction month	-	-	(27,009)	1
Subordinate company - System Software & Service Corporation	Docutek Solutions, Inc.	Subsidiary	Purchase	222,665	4	78 days after transaction month	-	-	(5,503)	-
			Purchase	111,376	1	78 days after transaction month	-	-	(28,568)	3
Subordinate company - Concord System Management Corporation	Palsys Digital Technology Corporation	Associate	Sale	(1,022,212)	11	78 days after transaction month	-	-	675,288	40
			Purchase	190,488	12	78 days after transaction month	-	-	(9,968)	4
Subordinate company - Syspower Corporation	System Software & Service Corporation	Parent company	Sale	(109,568)	46	78 days after transaction month	-	-	10,080	17
			Purchase	(155,016)	4	78 days after transaction month	-	-	41,175	4
Subordinate company - Dawning Technology Inc.	System Software & Service Corporation	Parent company	Sale	(138,212)	10	78 days after transaction month	-	-	27,009	11
			Sale	(190,488)	14	78 days after transaction month	-	-	9,968	4
Subordinate company - Docutek Solutions, Inc.	System Software & Service Corporation	Parent company	Sale	(222,665)	72	78 days after transaction month	-	-	5,503	18

(Continued)

Buyer/Seller	Related Party	Relationship (Note)	Transaction Details			Abnormal Transaction		Notes/Accounts Receivable (Payable) Ending Balance (Note)	% of Total	
			Purchase/Sale	Amount (Note)	% of Total	Payment Terms	Unit Price			Payment Terms
Subordinate company - Systex Group (China) Ltd.	Systex Ucom (Shanghai) Information Ltd. Co.	Associate	Purchase	\$ 295,692	12	120 days after transaction month	\$ -	-	\$ (21,743)	3
Subordinate company - Systex Ucom (Shanghai) Information Ltd. Co.	Systex Group (China) Ltd.	Associate	Sale	(295,692)	86	120 days after transaction month	-	-	21,743	34
Subordinate company - Rainbow Tech Information (HK) Ltd.	Systex Information (HK) Ltd.	Associate	Purchase	176,706	79	30 days after transaction month	-	-	(21,153)	77
Subordinate company - Systex Information (HK) Ltd.	Rainbow Tech Information (HK) Ltd.	Associate	Sale	(176,706)	15	30 days after transaction month	-	-	21,153	8

Note: In preparing the consolidated financial statements, the transaction has been eliminated.

(Concluded)

## SYSTEX CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Subordinate company Systex Software & Service Corporation	Systex Corporation	Parent company (Note)	\$ 678,472	2.27	\$ -	-	\$ 25,034	\$ -

Note: In preparing the consolidated financial statements, the transaction has been eliminated.

## SYSTEX CORPORATION

INFORMATION ON INVESTEES  
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)			
Systex Corporation	Systex Infopro Co., Ltd.	Thailand	Sale of computer and peripheral equipment	\$ 2,200	\$ 2,200	20,000	20.00	\$ 25,031	\$ 3,498	-
	Hanmore Investment Corporation	Taiwan	General investment activities	47,125	47,125	9,640,680	48.92	88,857	(329)	Subsidiary (1, 3)
	Ching Pu Investment Corporation	Taiwan	General investment activities	50,472	50,472	38,437,500	100.00	76,054	30,654	Subsidiary (2, 3)
	Concord System Management Corporation	Taiwan	Design, assessment and planning of computer system and application software and data-processing system, sale and lease of computer hardware, peripheral equipment and spare parts, and repairs and maintenance services	485,393	485,393	23,113,372	100.00	72,548	71,849	Subsidiary (3)
	Systemweb Technologies Co.	Taiwan	Data storage media units manufacturing, installation of computer, and sale and development of computer software	86,950	86,950	3,245,000	32.45	6,391	2,094	-
	Taifon Computer Co., Ltd.	Taiwan	Design of computer hardware and software equipment system, computer room installation, and maintenance, sale, lease and consultation	220,310	220,310	20,000,000	100.00	53,623	53,739	Subsidiary (3)
	Sanfran Technologies Inc.	Taiwan	Maintenance and warranty of equipment of internet and information security, and consultation on network infrastructure and information security	20,067	20,067	2,518,989	12.26	122,849	16,426	-
	Golden Bridge Corporation	Taiwan	General investment activities	230,000	230,000	23,000,000	100.00	52,441	52,441	Subsidiary (3)
	Systex Software & Service Corporation	Taiwan	Sale and development of computer software, data-processing services	450,000	450,000	54,450,000	100.00	506,500	506,201	Subsidiary (3)
	Syspower Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	15,195	15,195	1,096,200	4.50	80,962	3,781	Subsidiary (3)
	Systex Solutions Corporation	Taiwan	Design, construction and sale of telecom instrument, electronic calculator and computer	260,000	260,000	26,000,000	100.00	37,968	37,606	Subsidiary (3)
	Nexsys Corporation	Taiwan	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	290,500	415,000	13,996,500	70.00	78,957	68,583	Subsidiary (3)
	Systex Capital Group, Inc.	British Virgin Island	Investment activities including financial trust and holding	91,695	91,695	550	100.00	(194,681)	(194,441)	Subsidiary (3)
	Kimo.com (BVI) Corporation	British Virgin Island	Investment activities including financial trust and holding	13,185	13,185	500,000	100.00	(98,840)	(97,831)	Subsidiary (3)
	Naturint Corporation	Taiwan	Installation, sale, information software, data processing and other consultation on computer software and related equipment, network certification and software publication	20,000	20,000	2,000,000	100.00	(72)	(72)	Subsidiary (3)
	FinRobo Advisor Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment advisor	16,500	16,500	1,016,293	30.00	(2,256)	(202)	-
Mohist Web Technology Co.	Taiwan	Merchandise gift certificate automatic distribution system, in-time trust electronic (paper) ticket automated sales system, and integrated mobile payment platform	25,600	25,600	400,000	40.00	2,092	(141)	-	
Shengsen Cloud Technology Retail System Co.	Taiwan	Information software service	10,800	10,800	905,084	30.00	(21,160)	(7,002)	-	
			Manufacturing, processing, assembling and sale of business machinery equipment	24,000	24,000	780,000	30.00	336	(197)	-

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Ching Pu Investment Corporation	Frog-jump Information Co., Ltd. GenSys Technology (International) Ltd.	Taiwan Hong Kong	Information software service Design, assessment and planning of computer system and application software and data-processing system	\$ 18,969 31,640	\$ 18,969 31,640	783,202 8,000,000	10.00 33.60	\$ 13,071 -	\$ 21,881 (1,112)	- -	
	Genesis Technology Inc.	Taiwan	Wholesale of electronic apparatus, electronic equipment, computer and computer peripheral equipment, planning, analyzing and design of system, data processing, co-location and internet hosting services	798,172	798,172	23,081,693	27.97	992,878	321,740	63,033	
	E-Service Information Corporation	Taiwan	Information software service, intellectual property rights, printing and data storage media manufacturing and copying	89,500	89,500	8,000,000	100.00	95,969	9,772	8,952	Subsidiary (3)
	Bao Ruh Electronic Co., Ltd.	Taiwan	Manufacturing and sale of tricker system equipment, e-payment machine, IC electronic card, vehicle trip recorder, satellite position system, access control system	128,363	128,363	4,339,500	29.72	74,347	38,685	11,475	-
	Taiwan Information Service Technology Corporation	Taiwan	Installation, sale, information software, data processing and other consultation on computer software and related equipment	89,965	89,965	16,630	67.38	38,437	1,693	1,141	Subsidiary (3)
	Collaboration Co. Ltd. UniXsecure Corporation	Taiwan Taiwan	General investment activities	200,015 50,000	200,015 50,000	6,160,000 5,000,000	44.55 100.00	207,101 42,141	36,799 (6,707)	13,558 (7,774)	- Subsidiary (3)
	Dawning Technology Inc.	Taiwan	Design, construction and sale of telecom instrument, electronic calculator and computer	-	-	-	-	-	41,184	10,519	Subsidiary (3)
	Docutek Solutions, Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	286,000	-	7,568,413	54.92	274,150	64,240	7,765	Subsidiary (3)
	MISYS Corporation	Taiwan	Information software service	100,000	-	10,000,000	100.00	99,737	(263)	(263)	Subsidiary (3)
	Taiwan Electronic Data Processing Corporation	Taiwan	Design, installation, maintenance, lease and consultation on computer software and hardware equipment system, computer room engineering, network equipment system integration, and wholesale and retailing of medical appliances	155,131	169,049	2,698,643	69.59	25,008	44	-	Subsidiary (3)
Golden Bridge Corporation	Investment Media Ltd. Syspower Corporation	Taiwan Taiwan	Magazine and book publishing Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	95,600 162,789	95,600 162,789	4,000,000 9,052,889	40.00 37.16	72,721 183,723	(105,665) 80,962	- -	- Subsidiary (3)
	Syspower Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	189,023	189,023	10,331,022	42.41	209,662	80,962	-	Subsidiary (3)
	Softmobile Technology Corporation	Taiwan	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment Installation of computer, and wholesale and retailing of computer and business machinery equipment	80,000	80,000	3,661,875	100.00	62,876	18,085	-	Subsidiary (3)

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Syscore Corporation	Syslink Corporation Syslong Corporation Neweb Information Co., Ltd.	Taiwan	General investment activities General investment activities Setup and maintenance of computer room, maintenance and setup of system integration, cloud system integration service, management and maintenance of system and database, backup storage service, setup and consultation of internet and information security Printing, printed matter binding and processing, and wholesale of computers and peripheral equipment Wholesale of electronic apparatus, electronic equipment, computer and computer peripheral equipment, planning, analyzing and design of system, other data processing, co-location and internet hosting services	\$ 1,400,000	\$ 650,000	140,000,000	100.00	\$ 1,203,121	\$ (7,580)	Subsidiary (3)	
		Taiwan		250,000	250,000	25,000,000	100.00	266,012	6,785	Subsidiary (3)	
		Taiwan		93,000	93,000	3,100,000	30.22	54,695	37,980	-	-
Syslink Corporation	Fuco Technology Co., Ltd. Genesis Technology Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software Type II telecommunications business, internet certificates service, and retail sale of computer software	43,460	43,460	1,640,000	40.00	25,748	14,767	-	
		Taiwan		71,994	71,994	3,256,388	3.95	136,801	321,740	-	-
		Taiwan		15,000	15,000	1,500,000	50.00	12,522	(2,993)	-	Subsidiary (3)
Concord System Management Corporation	Systex Information Technologies Co., Ltd.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	10,000	10,000	1,000,000	100.00	6,386	(2,312)	Subsidiary (3)	
		Taiwan		743,963	446,595	32,608,896	91.60	632,155	41,184	-	Subsidiary (3)
		Taiwan		12,000	12,000	300,000	20.00	-	(5,150)	-	-
Kimo.com (BYI) Corporation	Top Information Technologies Co., Ltd.	Taiwan	Type II telecommunications business, internet certificates service, and retail sale of computer software Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services Sale of computer and peripheral equipment, retailing and processing of information of software Investment activities including financial trust and holding Sale of computer and peripheral equipment, retailing and processing of information of software	60,002	60,002	3,117,000	25.00	11,709	(41,526)	-	
		Taiwan		152,608	152,608	18,000,000	100.00	212,700	13,715	-	Subsidiary (3)
		Hong Kong		860,852	860,852	207,736,600	100.00	683,368	64,889	-	Subsidiary (3)
Kimo.com (BYI) Corporation	Systex Solutions (HK) Limited	Hong Kong	Investment activities including financial trust and holding Sale of computer and peripheral equipment, retailing and processing of information of software General investment activities IT services, software development, wholesale and retail of computers and related equipment, electronic data processing and related services Online and offline mobile payment, one-stop smart collection and trade, Information Technology Services Mobile Network Construction, ICT infrastructure Construction, DX/ICT solution services, AI consultations	316,050	529,907	10,400,000	100.00	339,188	5,021	Subsidiary (3)	
		Hong Kong		58,384	58,384	14,607,765	49.00	61,217	(5,023)	-	Subsidiary (3)
		Taiwan		1,600,000	1,000,000	160,000,000	55.17	1,748,187	(182,355)	-	Subsidiary (3)
Kimo.com (BYI) Corporation	Rainbow Tech Information (HK) Ltd.	Taiwan	General investment activities IT services, software development, wholesale and retail of computers and related equipment, electronic data processing and related services Online and offline mobile payment, one-stop smart collection and trade, Information Technology Services Mobile Network Construction, ICT infrastructure Construction, DX/ICT solution services, AI consultations	24,485	-	11,000	100.00	23,715	(1,810)	Subsidiary (3)	
		Hong Kong		95,574	-	45,834	22.92	92,410	(63,892)	-	-
		Japan		106,435	-	200	20.00	114,624	44,164	-	-

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
System Capital Group, Inc.	Syscore Corporation	Taiwan	General investment activities	\$ 1,300,000	\$ 1,000,000	130,000,000	44.83	\$ 1,420,402	\$ (182,355)	Subsidiary (3)	
Dawning Technology Inc.	Neo Trend Tech Corporation	Taiwan	Cable installation engineering, other computer-related service, circuit engineering, and wireless communication service	20,000	20,000	2,000,000	25.00	13,824	3,982	-	
Syspower Corporation	Palsys Digital Technology Corporation	Taiwan	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	193,500	193,500	21,788,100	79.26	261,301	42,204	Subsidiary (3)	
System Software & Service Corporation	Smartsys Technology Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	15,000	15,000	1,500,000	50.00	12,522	(2,993)	Subsidiary (3)	
Docutek Solutions, Inc.	ANSecurity Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	10,000	10,000	2,674,443	100.00	48,192	9,801	Subsidiary (3)	
ANSecurity Inc.	Docutek Services Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	5,800	5,800	3,432,551	100.00	45,542	10,352	Subsidiary (3)	

Note 1: The carrying amount deducts the reclassification of the Corporation's shares held by the subsidiary from equity-method investments into treasury share of \$51,561,717 thousand, which is calculated by the investment cost amounting to \$1,076,171 thousand at 48.92% (the ownership percentage owned by the Corporation).

Note 2: The carrying amount deducts the reclassification of the Corporation's shares held by the subsidiary from equity-method investments into treasury share of \$412,826 thousand, which is calculated by the investment cost amounting to \$412,826 thousand at 100.00% (the ownership percentage owned by the Corporation).

Note 3: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 4: Refer to Table 8 for information on investments in Mainland China.

(Concluded)

## SYSTEX CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Changzhou Xingtaotai Information Equipment Co., Ltd.	Manufacture, service and sales of software and computer-related products	\$ 21,198	a	\$ 2,780	\$ -	\$ -	\$ 2,780	\$ -	9.10	\$ -	\$ -	\$ -	
Systek Information (Shanghai) Ltd.	Sale of computer and peripheral equipment, retailing and processing of information software	998,503	b	998,503	-	-	998,503	4,374	100.00	4,374	442,422	-	Subsidiary (Note 2)
Sysware Shenglong Information Systems Co., Ltd.	Design of computer system, information processing service provider, retailing of computer and peripheral equipment	181,489	b	181,489	-	-	181,489	(45,566)	100.00	(45,566)	58,803	-	Subsidiary (Note 2)
Systex Group (China) Ltd.	Management consultation, marketing and sale, and capital and operation financial management	292,700	b	292,700	-	-	292,700	18,908	100.00	18,908	103,538	-	Subsidiary (Note 2)
Systex Rainbow Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	20,276	100.00	20,276	300,337	-	Subsidiary (Note 2)
Systex Ucom (Shanghai) Information Ltd. Co.	Software design and data processing, retailing and service of software	-	b	-	-	-	-	2,451	100.00	2,451	40,546	-	Subsidiary (Note 2)
Sunlight-tech Inc.	Manufacture of Internet-related software and hardware systems, video service systems, audio and video on-demand systems, multimedia and network video equipment	551,210	b	220,484	-	-	220,484	-	40.00	-	-	-	Subsidiary (Note 2)
Shanghai Mudao Financial Information Service Co., Ltd.	Financial information services, computer software development and technology development, technical services transfer, technology consulting, technical services, consulting and research in market information, asset management, supply chain management, investment management, investment consulting, business information consulting, financial consulting in the fields of computer technology, information technology and data technology.	14,504	b	-	-	-	-	(1,119)	29.62	(612)	-	-	
Systex Rainbow (Guangzhou) Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	(368)	100.00	(368)	3,301	-	Subsidiary (Note 2)

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$1,695,956	\$1,695,956	\$8,440,896

(Continued)



Note 1: The methods of investment are as follows:

- a. Investment in China through remittances from third regions.
- b. Reinvestment in China through the third region investment companies.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

(Concluded)

**SYSTEX CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hanmore Investment Corporation (Hanmore)	21,316,678	7.83
Joray Co., Ltd.	21,072,559	7.74

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

## VII. Review of Financial Conditions, Operating Results, and Risk Management

### 7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item	Year	2022	2021	Difference	
				Amount	%
Current assets		21,753,125	19,273,022	2,480,103	12.87
Long-term investments		1,963,914	1,781,833	182,081	10.22
Fixed assets		2,212,298	2,088,417	123,881	5.93
Intangible assets		329,033	136,147	192,886	141.67
Other assets		3,641,373	3,280,771	360,602	10.99
Total assets		29,899,743	26,560,190	3,339,553	12.57
Current liabilities		11,856,329	9,259,857	2,596,472	28.04
Other liabilities		3,435,605	3,489,166	(53,561)	(1.54)
Total liabilities		15,291,934	12,749,023	2,542,911	19.95
Share capital		2,723,333	2,693,933	29,400	1.09
Capital surplus		6,874,231	6,606,321	267,910	4.06
Retained earnings		5,878,497	5,860,652	17,845	0.30
Other equity and Treasury shares		(1,407,900)	(1,657,567)	249,667	15.06
Total equity attributable to owners of the Corporation		14,068,161	13,503,339	564,822	4.18
Non-controlling interests		539,648	307,828	231,820	75.31
Total equity		14,607,809	13,811,167	796,642	5.77
Analysis of changes in financial ratios:					
<ol style="list-style-type: none"> <li>Increase in Intangible assets by NT\$192,886 thousands mainly due to which increase in Goodwill by NT\$102,381 thousands, increase in Computer software by NT\$47,019 thousands and increase in Technological expertise by NT\$43,486 thousands.</li> <li>Increase in Current liabilities by NT\$2,596,472 thousands mainly due to increase in Short-term loans by NT\$596,320 thousands, increase in Contract liabilities by NT\$892,472 thousands, increase in Notes and accounts payable by NT\$1,019,039 thousands and increase in Current tax liabilities by NT\$50,301 thousands.</li> <li>Increase in Non-controlling interests by NT\$231,820 thousands mainly due to increase in Non-controlling interests arising from acquisition of subsidiaries and increase in Equity transactions with non-controlling interests.</li> </ol>					

## VII. Review of Financial Conditions, Operating Results, and Risk Management

### 7.2 Analysis of Operating Results

Unit: NT\$ thousands

Item \ Year	2022		2021		Difference	
	Subtotal	Total	Subtotal	Total	Amount	%
Gross sales	33,192,692		29,623,844		3,568,848	12.05
Less: sales returns & allowances	63,840		96,887		(33,047)	(34.11)
Net sales		33,128,852		29,526,957	3,601,895	12.20
Cost of sales		25,789,200		22,871,571	2,917,629	12.76
Gross profit		7,339,652		6,655,386	684,266	10.28
Operating expenses		6,082,358		5,521,934	560,424	10.15
Operating income		1,257,294		1,133,452	123,842	10.93
Total non-operating income and expenses		135,770		318,163	(182,393)	(57.33)
Income before tax		1,393,064		1,451,615	(58,551)	(4.03)
Tax expense		264,709		228,519	36,190	15.84
Other comprehensive income (loss) for the year, net of income tax		493,556		27,619	465,937	1687.02
Total comprehensive income for the year		1,621,911		1,250,715	371,196	29.68

#### 1. Analysis of changes in financial ratios:

(1) Decrease in Total non-operating income and expenses by NT\$182,393 thousands mainly due to decrease in gain on financial assets at fair value through profit, net by NT\$251,019 thousands, decrease in Gain on sale of investments by NT\$35,729 thousands, increase in Interest expense by NT\$36,194 thousands, increase in Foreign exchange gain, net by NT\$15,209 thousands, increase in Interest income by NT\$11,183 thousands, increase in Dividend income by NT\$17,338 thousands and decrease in Impairment loss on assets by NT\$92,244 thousands.

(2) Increase in Total comprehensive income for the year by NT\$465,937 thousands mainly due to the exchange differences on translating foreign operations.

#### 2. Mainly reason of expected sales growing up in 2023:

The global IT service market is growing steadily. Cloud services and Big Data applications continue to play a leading role. The Internet of Things and AI applications will become the next major growth drivers. Looking optimistically at the industry growth trend in 2023, the SYSTEX will continue to grow along with the industry.

## VII. Review of Financial Conditions, Operating Results, and Risk Management

### 7.3 Analysis of Cash Flow

#### 7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Item	Year	2022	2021	Variance (%)
	Cash Flow Ratio (%)		8.85	0
Cash Flow Adequacy Ratio (%)		44.39	41.12	7.96
Cash Reinvestment Ratio (%)		(1.06)	(9.47)	88.81

Analysis of changes in financial ratios:  
Increase in Cash Reinvestment Ratio by 88.81% mainly due to which increase in net cash generated from operating activities flowed in.

#### 7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Estimated Cash Beginning Balance ①	Estimated Net Cash Flow from Operating Activities ②	Estimated Cash Outflow ③	Estimated Cash Ending Balance (Shortage) ① + ② - ③	Leverage of Cash Deficit	
				Investment Plans	Financing Plans
4,331,378	1,128,992	(2,177,638)	3,282,732	-	-

1. Analysis of change in cash flow in the current year:

Item	Cash Inflow (Outflow)		Variance		Remarks
	2022	2021	Amount	%	
Operating activities	\$ 1,049,436	\$ (395,511)	\$ 1,444,947	365.34	(1)
Investing activities	(545,983)	(1,091,259)	545,276	49.97	(2)
Financing activities	(603,410)	2,043,976	(2,647,386)	(129.52)	(3)

(1) The Increase of NT\$1,444,947 thousands in 2022 was mainly due to the increase cash from Operating activities.  
(2) The Increase of NT\$545,276 thousands in 2022 was mainly due to the decrease of Investments accounted for using equity method.  
(3) The Decrease of NT\$2,647,386 thousands in 2022 was mainly due to Proceeds from issuance of corporate bonds NT\$ 3 billions last year.

2. Remedial action for cash deficit: N/A.

3. Cash liquidity analysis for the next year: The Company expects business activities in the next year to generate positive cash flow. The cash outflow in the next year shall be primarily for the distribution of cash dividends that can be supported by the Company's cash balance and cash flow.

## VII. Review of Financial Conditions, Operating Results, and Risk Management

7.4 Major Capital Expenditure Items: There are no any Major Capital Expenditure in 2022.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

7.5.1 Investment policy in the most recent year

The company's reinvestment policy will increase investment in overseas business, go out of Taiwan, initially take Asia as the development hinterland, enter the Southeast Asian and Northeast Asian markets, and cooperate with start-ups and local partners to win world-class markets and customers.

7.5.2 The main reason for profit or loss and improvement plan for reinvestment enterprises

Unit: NT\$ thousands

Item	Remarks	Book Value (Note 1)	Net Income (Loss) 2022	Policies	Reasons for Gain or Loss	Action Plan
Ching Pu Investment Corp.		587,013	76,054	Shareholding in other companies and reinvestment business	Net profit from investment income from dividends of financial assets and recognized by the equity method	
Golden Bridge Information Corp.		309,089	52,441	Shareholding in other companies and reinvestment business	Net profit from investment income recognized by the equity method	
Syscore Corp. (Note 2)		3,168,589	(182,355)	Shareholding in other companies and reinvestment business	Net profit from investment income from dividends of financial assets and recognized by the equity method	To pay attention to financial market conditions and adjust asset allocation and strengthen the management of investment
Syslink Corp.		1,203,121	(7,580)	Shareholding in other companies and reinvestment business	Recognized loss from investments	To strengthen the management of investment
Syslong Corp.		266,012	6,785	Shareholding in other companies and reinvestment business	Early stage of operation	
Kimo.com (BVI) Corp.		4,144,305	(98,840)	Shareholding in other companies and reinvestment business	Recognized profits from investments	To strengthen the management of investment
Systex Capital Group, Inc.		2,458,889	(194,681)	Shareholding in other companies and reinvestment business	Net profit from investment income from dividends of financial assets and recognized by the equity method	To pay attention to financial market conditions and adjust asset allocation and strengthen the management of subsidiaries.

## VII. Review of Financial Conditions, Operating Results, and Risk Management

Item	Remarks	Book Value (Note 1)	Net Income (Loss) 2022	Policies	Reasons for Gain or Loss	Action Plan
System Solutions (HK) Ltd.		339,188	5,021	Shareholding in other companies and reinvestment business	Recognized profits from investments	
Taifon Computer Co., Ltd.		319,583	53,623	Horizontal integration and vertical expansion in the industry	Revenue has reached economies of scale and generated profits for main business	
System Solutions Corp.		317,688	37,968	Horizontal integration and vertical expansion in the industry	Revenue has reached economies of scale and generated profits for main business	
Concord System Management Corp.		413,179	72,548	Horizontal integration and vertical expansion in the industry	Revenue has reached economies of scale and generated profits for main business	
Top Information Technologies Co., Ltd.		212,700	13,715	Horizontal integration and vertical expansion in the industry	Revenue has reached economies of scale and generated profits for main business	
System Software & Service Corp.		1,249,158	506,500	Horizontal integration and vertical expansion in the industry	Revenue has reached economies of scale and generated profits for main business	
Nexsys Corp.		268,672	78,957	Horizontal integration and vertical expansion in the industry	Revenue has reached economies of scale and generated profits for main business	
Palsys Digital Technology Corp.		261,301	42,204	Horizontal integration and vertical expansion in the industry	Revenue has reached economies of scale and generated profits for main business	
Dawning Technology Inc.		632,155	41,184	Horizontal integration and vertical expansion in the industry	Revenue has reached economies of scale and generated profits for main business	
Syspower Corp. (Note 2)		415,521	80,962	Horizontal integration and vertical expansion in the industry	Revenue has reached economies of scale and generated profits for main business	
Docutek Solutions, Inc.		247,150	64,240	Horizontal integration and vertical expansion in the industry	Revenue has reached economies of scale and generated profits for main business	
System Information (Shanghai) Ltd.		442,422	4,374	Developed overseas markets and distribution channels in Greater China	After the business integration and adjustment, the operating conditions improved	

## VII. Review of Financial Conditions, Operating Results, and Risk Management

Item \ Remarks	Book Value (Note 1)	Net Income (Loss) 2022	Policies	Reasons for Gain or Loss	Action Plan
System Rainbow Tech Inc.	300,337	20,276	Developed overseas markets and distribution channels in Greater China	After the business integration and adjustment, the operating conditions improved	
System Information (H.K.) Ltd.	683,368	64,889	Developed overseas markets and distribution channels in Greater China	Revenue has reached economies of scale and generated profits for main business	

Note 1: Refers to subsidiary companies with a carrying amount exceeding 5% of paid-in capital as of December 31, 2022.

Note 2: Held directly and indirectly by the Company.

7.5.3 Investment Plans for the Coming Year: None.

### 7.6 Analysis of Risk Management

The Company has established functional committees that report to the Board of Directors in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" promulgated by the competent authority to enhance the supervision and management functions of the Board of Directors. Proposals are submitted to the Board for resolution to reduce risks in operating and financial decisions.

#### 7.6.1 Risk management policies and organization

##### A. Risk management policies

On December 21, 2022, the company passed the resolution of the board of directors to form a "Risk Management Committee" across departments and formulated the "Risk Management Best Practice Principles", "Risk Management Policies and Procedures" and "Risk Management Committee Charter" to establish a sound The risk management system, and sound and stable operation.

Through a comprehensive risk management framework, consider and manage various risks that may affect the achievement of corporate goals, and integrate risk management into operational activities and daily management processes to achieve the following goals: (1) Realize corporate goals; (2) Improve management efficiency; (3) provide reliable information; (4) effectively allocate resources.

##### B. Risk management organization

With the board of directors as the highest governance unit for risk management, the company can set up a risk management committee subordinate to the board of directors and assign appropriate risk management promotion and execution units by considering the company's size, business characteristics, risk nature and operating activities.

The organizational structure and responsibilities of risk management are as follows:

##### (1) Board of Directors

The Board of Directors as the highest governance unit for risk management, its responsibilities are as follows:

- A. Approved risk management policies, procedures and framework;
- B. Ensure that the operational strategy direction is consistent with the risk management policy;
- C. Ensure that an appropriate risk management mechanism and risk management culture have been established;
- D. Supervise and ensure the effective operation of the overall risk management mechanism;



## VII. Review of Financial Conditions, Operating Results, and Risk Management

---

E. Allocate and assign sufficient and appropriate resources to enable risk management to operate effectively.

### (2) Risk management committee

In order to improve and strengthen the risk management function, considering the company's scale, business characteristics, risk nature and operating activities, a risk management committee under the board of directors is established to supervise the operation mechanism related to risk management. Its duties and roles are as follows:

- A. Review risk management policies, procedures and structures, and regularly review their applicability and execution effectiveness;
- B. Approve risk appetite (risk tolerance) and guide resource allocation;
- C. Ensure that the risk management mechanism can fully deal with the risks faced by the company and integrate it into the daily operation process;
- D. Verify the priority and risk level of risk control;
- E. Review the implementation of risk management, put forward necessary improvement suggestions, and report to the board of directors on a regular basis (at least once a year);
- F. Execute the risk management decisions of the board of directors.

### (3) Risk management promotion and execution unit

In addition, according to the overall business strategy and risk management needs, the company has set up an appropriate risk management promotion and execution unit to be responsible for planning, execution and supervision of risk management related affairs. The unit shall consider the company's size, business characteristics, risk nature and operating activities, assign a dedicated unit or form a task group, and its duties and roles are as follows:

- A. Formulate risk management policies, procedures and framework;
- B. Formulate risk appetite (risk tolerance), and establish qualitative and quantitative measurement standards;
- C. Analyze and identify sources and categories of corporate risks, and regularly review their applicability;
- D. Regularly (at least once a year) compile and submit the report on the implementation of the company's risk management;
- E. Assist and supervise the implementation of risk management activities of various departments;
- F. Coordinate cross-departmental interaction and communication of risk management operations;
- G. Execute the risk management decisions of the Risk Management Committee;
- H. Plan risk management-related training to enhance overall risk awareness and culture.

### (4) Business Unit

The responsibilities and roles of each Business Unit are as follows:

- A. Responsible for the risk identification, analysis, evaluation and response of the affiliated units, and establish relevant crisis management mechanisms when necessary;
- B. Regularly submit risk management information to risk management promotion and execution units;
- C. Ensure that the risk management and related control procedures of the affiliated units are effectively implemented to comply with the risk management policy.

#### 7.6.2 Risks, Assessment, and Response Strategies

- A. Market Risks: The Company's forecast risks, pricing risks, production capacity risks, and inventory risks caused by changes in the industry.

Risk Assessment: The characteristics of the IT service industry includes rapid changes in technologies, continuous flow of new products, continuous functional improvements, decline in cost, short product lifecycle, changes in customer requirements, and manufacturer standard

## VII. Review of Financial Conditions, Operating Results, and Risk Management

---

specifications. Due to high uncertainties, market risks will influence company operations.

Response Strategy: Implement an annual budget system and rolling forecast system to fully account for the impact of market changes on revenue; organize monthly business review meetings to account for market conditions; actively increase the added-value of products and OEM product lines to maintain reasonable costs and comprehensive services; adopt full digitalization in the company, enhance education and training, and increase the efficiency of information delivery between departments to increase personnel productivity; adopt the principle of making purchases after receiving purchase orders to prevent excess inventory and control the value of inventories.

B. Financial Risks: Additional risks imposed on the Company due to the use of financial leverages.

Risk Assessment: Changes in the Company's industry occur fast and pose high risks in operations. High financial leverage operations will put the Company in greater risk.

Response Strategy: The Company's source of funding consists mainly of equity funds; high financial leverage strategies are avoided. If financing is required, long-term funding obtained from the capital market shall be the primary means for financing to lower financial risks.

C. Fluidity Risks: Risks in which the Company cannot cash in on assets or obtain sufficient funding in time, leading to the inability to perform due responsibilities.

Risk Assessment: Due to high risks in the industry, the speed and capacity of cash flow will affect the Company's competitiveness and daily operations.

Response Strategy: The Company shall strengthen its cash flow forecast, strictly control inventory backlog, and payment/collection conditions and procedures to ensure the fluidity of the Company's operating cash. Conduct short-term operations with idle funds under conditions of maintaining fluidity, security, and profitability. The Company shall also establish financing credit lines with banks to maintain fluidity of funds.

D. Credit Risks: Risks in which customers and suppliers cannot perform payment or delivery.

Risk Assessment: Due to industry characteristics, the Company faces longer payment cycles from clients. The unique transaction model of large projects also requires multiple suppliers of varying scales for which credit risks differ. The Company conducts various financial transactions with financial institutions in accordance with financial and business requirements. The credit risks of transaction partners shall also be taken into consideration.

Response Strategy: The Company shall establish a department dedicated to the management of accounts receivable and payable and establish authorization management regulations to enhance credit investigation procedures and strictly control the credit line of customers to safeguard the interests of the Company. The Company selects reputable financial institutions with high ratings to lower credit risks.

E. Legal Risks: Risks of serious impact or other negative impact on the Company's operations or finances due to illegal business activities of the Company or competitors' infringement of the Company's rights.

Risk Assessment: The Company conducts businesses honestly and does not take part in illegal activities. The Company maintains ownership of multiple intellectual property rights and comprehensive legal protection from infringements that affect company interests.

Response Strategy: The Company established a dedicated Legal Affairs Department to take charge of processing potential legal risks faced by the Company. The Legal Affairs Department also reviews all important contracts before signing to safeguard company interests.

## VII. Review of Financial Conditions, Operating Results, and Risk Management

F. Strategy and Business Risks: Risks of immediate or potential impact on the Company's profits or capital due to unfavorable business decisions, inappropriate execution of related strategies, or a lack of response measures to changes in the industry.

Risk Assessment: The Company operates in the technology industry which undergoes constant changes, numerous competitors, and therefore relatively higher operating risks. The implementation of strategies will affect overall normal operations.

Response Strategy: The Company regularly organizes domestic and international senior management business meetings to fully communicate and review the Company's operating strategies and adopt appropriate response measures. The Company also established an Audit Committee to strengthen the functions of the Board of Directors and to help the Company establish major business strategies and supervise the performance of the management team.

### 7.6.3 Analysis of Risk Management

A. Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

(a) Interest rate

Unit: NT\$ thousands;%

Year \ Item	2021			2022		
	Amount	Percentage of Net Sales	Percentage of Profit from Operation	Amount	Percentage of Net Sales	Percentage of Profit from Operation
Interest income	28,279	0.10%	2.49%	39,462	0.12%	3.14%
Interest expense	44,448	0.15%	3.92%	80,642	0.24%	6.41%

The Company's operating funds are readily available and the Company conducts short-term operations with idle funds under conditions of maintaining fluidity, security, and profitability.

The Company maintains close relations with banks in long-term collaboration and uses the banks' assistance to obtain favorable interest rates and conditions and therefore changes in interest rates have limited effects on the Company's profitability. The Company shall continue to monitor trends in interest rate changes and maintain a high degree of profitability while taking into account the requirements for security and fluidity in order to reduce the impact of changes in interest rates.

(b) Foreign exchange rates

Unit: NT\$ thousands; %

Year \ Item	2021			2022		
	Amount	Percentage of Net Sales	Percentage of Profit from Operation	Amount	Percentage of Net Sales	Percentage of Profit from Operation
Foreign exchange gain (loss), net	16,757	0.06%	1.48%	31,966	0.10%	2.54%

The Company's corporate financing personnel used transactions with financial institutions and the Internet to collect information on changes in exchange rates, adjusted the Company's foreign exchange positions, and estimated the cash flow in foreign currency expenditure for the purpose of controlling risks as early as possible. In principle, the Company uses income in foreign currencies to pay for foreign currency expenditures to achieve natural hedging effects and therefore changes in interest rates have limited impact on the Company's profits and losses.

(c) Inflation

The Company maintains close and good relations with suppliers and customers and pays attention to fluctuations in market prices in order to make timely adjustments in response to market fluctuations in purchase and sales prices as well as to lower the impact of changes in inflation.

## VII. Review of Financial Conditions, Operating Results, and Risk Management

The Company's main suppliers are IT firms and the Company pays attention to the changes in prices of products from original manufacturers at all times to prevent major impact of changes in cost on the Company's profits and losses.

### B. Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:

The Company does not conduct high-risk and high-leverage investments. The Company provides loans to others, endorsement or guarantee, and trade in derivatives in accordance with the Company's policies and response measured established in the Company's "Procedures for the Acquisition or Disposal of Assets," "Operating Procedures for Fund Lending," and "Procedures for Making Endorsements and Guarantees."

No breaches of contract that caused profits or losses have occurred in Company's endorsements, guarantees, and loans to subsidiary companies for their financing requirements.

### C. Future Research & Development Projects and Corresponding Budget:

Research Projects	Completion (%)	Expected Research Expenditure (NT\$ ten thousand)	Expected Completion Schedule	Major Risk Factors
DynaQuote Simulated Trading	Development Stage	100	June, 2023	Data volume and bandwidth usage
DynaQuote Time Machine	Development Stage	120	June, 2023	Data volume and bandwidth usage
Optimization of DynaQuote	Development Stage	100	June, 2023	Human Resources and Core Technology
Optimization of FMIDST	Development Stage	100	June, 2023	Human Resources and Core Technology
Optimization of eMIDST	Development Stage	100	June, 2023	Human Resources and Core Technology
Fifth Generation Wealth Management Platform	make specifications	200	June, 2023	Human Resources and Core Technology
Sales assistant software for insurance salesmen – onecrm +	It has been put into operation and continues to adjust and optimize functions.	800	December, 2023	Human Resources and Core Technology

### D. Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

FSC promotes the "Green Finance Action Plan 2.0", uses the power of the financial market to guide companies to pay attention to ESG issues, and creates a win-win situation for the sustainable development of finance, real industries and the social environment. In response to the FSC's goal of sustainable development of green finance, enterprises can save carbon emissions in the transportation process through digital online financial services in their existing business operations, and the paperless transaction mode can reduce paper consumption. In the process of financial institutions promoting ESG, electronic billing has become a key link.

We expand cross-domain integrated services in response to the national service-oriented smart government 2.0 program, continuously invest in applied service technologies such as FIDO Internet identity verification and T-Road/MyData, combine comprehensive information security mechanisms to transform social affairs administration from over-the-counter application or application service in the applicant's home to online benefit application services using the applicant's personal information with the applicant's authorization.

## VII. Review of Financial Conditions, Operating Results, and Risk Management

---

In response to the government's anti-money laundering and anti-terrorism policies, assist bank customers to build information systems and education training that comply with relevant laws and regulations, , so as to build a sound money laundering prevention and control system.

E. Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales:

(a) SYSTEX will not only continue to provide investors with much needed international investment and wealth management systems, but also work with international finance IT operators to provide instantaneous information services across different markets and build a global transaction network to lower investors' investment cost for global transactions. The financial industry should reposition its strategy of FinTech development and enhance digital transformation, while applying these approaches to AI, cloud, identity verification, and other technologies. Looking forward, Taiwan must accelerate its promotion of API economy and data sharing, facilitate the creation of new financial ecosystem, and allow consumers to gain access to more diversified financial services via open banking. By sharing financial data, the relationship among financial institutions and financial technology companies will evolve from that of competition to that of cooperation, thus creating a multi-win situation with a mutually benefiting and co-prosperous financial ecosystem.

(b) As the market develops towards AI-powered operation in the future, omni-channel and online-merge-offline (OMO) have become the main developmental trends of the global retail industry. With the active planning for market presence by large business groups, Taiwan's retail and e-commerce industry has also progressively broken the barriers between various retail business patterns and virtual and physical channels, including interactive electronic statements, video electronic statements, LBS discount information services, mobile payment, and mobile discount coupons.

(c) About Cyber security management, please referred page 102~103.

F. The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:

The Company has always upheld the operation principles of professionalism and integrity as well as its emphasis on corporate image and risk management. Therefore the corporate image has been well-maintained and there has been no major incident detrimental to corporate image.

G. Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: None.

H. Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans: None.

I. Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration:

The Company maintains good relations with multiple domestic and international suppliers to ensure the diversity of products and security of sources. The Company's sales customers are distributed across the government, finance industry, telecommunications, distribution, and education. Customers are numerous and dispersed and the Company uses the dispersion strategy to reduce the risk of concentrated purchases or sales.

J. Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors or Shareholders with Shareholdings of over 10%:

There are not any large share transfers or changes in shareholdings by directors or shareholders with shareholdings of over 10% in the most recent year and as of the printing date of the prospectus.

K. Effects of, Risks Relating to and Response to the Changes in Management Rights: None.

L. Litigation or Non-litigation Matters: None.

7.7 Other Major Risks: None.

## VIII. Special Disclosure

### 8.1 Summary of Affiliated Companies

#### 8.1.1 SYSTEX's Subsidiaries

Unit: NT(USD,RMB,HKD)\$ thousands As of December 31, 2022

Company	Date of Incorporation	Place of Registration	Share Capital	Business Activities
Taifon Computer Co., Ltd.	1992.10.14	Taipei, Taiwan	200,000	Design, construction, and sales of telecommunications, electronic calculators, and computer installation projects etc.
System Solutions Corp.	2014.04.29	Taipei, Taiwan	260,000	Design, construction, and sales of telecommunications, electronic calculators, and computer installation projects etc.
Concord System Management Corp.	1982.10.19	Taipei, Taiwan	231,134 (Note 1)	Design of computer system software and software application programs, assessment and planning of computer systems etc.
Top Information Technologies Co., Ltd.	1980.11.18	Taipei, Taiwan	180,000	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services.
System Software & Service Corp.	2011.08.25	Taipei, Taiwan	544,500	IT software and data processing services, retail and services for IT software.
SoftMobile Technology Corp.	2011.08.02	Taipei, Taiwan	36,619	Manufacture of electronic wired communication machinery and equipment, manufacture of electronic components, manufacture of computers and peripheral equipment, installation of computer equipment, IT software retail, computer and office appliance wholesale and retail.
Nexsys Corp.	2000.05.16	Taipei, Taiwan	199,950	Manufacture of electronic wired communication machinery and equipment, manufacture of electronic components, manufacture of computers and peripheral equipment, installation of computer equipment, IT software retail, computer and office appliance wholesale and retail.

## VIII. Special Disclosure

Company	Date of Incorporation	Place of Registration	Share Capital	Business Activities
Naturint Ltd.	2016.07.19	Taipei, Taiwan	20,000	Installation and sales of computer software and related equipment, IT software, data processing, and other consulting services, network certification, software publication etc.
Smartsys Technology Corp.	2018.04.18	Taipei, Taiwan	30,000	Design, installation, and maintenance of computer information and telecommunication construction, design and sales of computer system software.
Syswiser Technology Corp.	2018.04.18	Taipei, Taiwan	10,000	Design, installation, and maintenance of computer information and telecommunication construction, design and sales of computer system software.
E-service Information Co.	2001.08.06	Taipei, Taiwan	80,000	Information software services and intellectual property rights and printing and data storage media manufacturing and duplicating ,
uniXecure Corp. (Note 2)	2021.12.15	Taipei, Taiwan	50,000 (Note 2)	Design, construction, and sales of telecommunications, electronic calculators, and computer installation projects etc.
Syspower Corp.	1988.09.05	Taipei, Taiwan	243,600	Design, installation, and maintenance of computer information and telecommunication construction, design and sales of computer system software.
Palsys Digital Technology Corp.	2021.01.14	Taipei, Taiwan	274,906	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services.
Dawning Technology Inc.	2000.09.13	Taipei, Taiwan	356,000	Design, installation, and maintenance of computer information and telecommunication construction, design and sales of computer system software.

## VIII. Special Disclosure

Company	Date of Incorporation	Place of Registration	Share Capital	Business Activities
Taiwan Information Service Technology Corp.	2008.09.09	Taichung, Taiwan	24,680	Design, installation, and maintenance of computer information and telecommunication construction, design and sales of computer system software.
MISYS Corp.	2022.09.12	Taipei, Taiwan	100,000	Information software services.
Docutek Solution, Inc.	2004.03.11	Taipei, Taiwan	137,808	Design, installation, and maintenance of computer information and telecommunication construction, design and sales of computer system software.
ANSecurity Inc.	2018.09.03	Hsinchu, Taiwan	26,744	Design, installation, and maintenance of computer information and telecommunication construction, design and sales of computer system software.
Docutek Services Corp.	1977.06.13	Hsinchu, Taiwan	34,326	Design, installation, and maintenance of computer information and telecommunication construction, design and sales of computer system software.
System Information (Shanghai) Ltd.	2000.11.27	Shanghai, China	USD31,100	Data processing services, IT supply services, IT software services, international trade.
Sysware Shenglong Information Systems Co., Ltd.	2007.10.16	Shanghai, China	USD5,656 (RMB41,738)	Research, development, and production of computer software and hardware, sales of self-manufactured products, technical consulting services, technical services, training and transfer.
System Group (China) Ltd.	2012.09.28	Shanghai, China	USD10,000	Business management and consulting services, market management and sales services, financial management services for fund operations etc.
System Rainbow Tech Inc.	2001.03.16	Guangzhou, China	RMB50,000	Computer software and hardware technologies, research, development, installation, wholesale, and trade of computer network systems etc.



## VIII. Special Disclosure

Company	Date of Incorporation	Place of Registration	Share Capital	Business Activities
Systex Ucom (Shanghai) Information Co., Ltd.	2015.01.13	Shanghai, China	RMB2,000	IT software services, IT software wholesale, IT software retail.
Systex Rainbow (Guangzhou) Tech Inc.(Note 3)	2018.08.31	Shanghai, China	RMB1,250	Computer software and hardware technologies, research, development, installation, wholesale, and trade of computer network systems etc.
Systex Information (H.K.) Ltd.	1999.12.02	Hong Kong	HKD 207,737	Sales of computers and peripherals.
Rainbow Tech Information (HK) Ltd.	2012.04.26	Hong Kong	HKD29,812	Sales of computers and peripherals.
Gemini Data K.K.	2022.01.17	Tokyo, Japan	JYP110,000	IT services, software development, computers and related equipment Wholesale and retail of equipment, electronic data processing and related off service.
Ching Pu Investment Corp.	1998.09.02	Taipei, Taiwan	384,375 (Note 4)	Investment.
Golden Bridge Information Corp.	2011.08.25	Taipei, Taiwan	230,000	Investment.
Syscore Corp.	2017.10.25	Taipei, Taiwan	2,900,000	Investment.
Syslink Corp.	2018.03.29	Taipei, Taiwan	1,400,000	Investment.
Syslong Corp.	2021.11.04	Taipei, Taiwan	250,000	Investment.
Hanmore Investment Corp.	1989.04.21	Taipei, Taiwan	197,065	Investment.
Kimo.com (BVI) Corp.	1999.08.12	British Virgin Islands	USD500	Financial trust, shareholding and other investment businesses.
Systex Capital Group, Inc.	2000.02.23	British Virgin Islands	USD0.55	Financial trust, shareholding and other investment businesses.
Systex Solutions (HK) Ltd.	2011.10.03	Hong Kong	USD10,400	Financial trust, shareholding and other investment businesses.

Note1: Capital increased by Return Earnings of NT\$73,000 thousands in March, 2023, the capital after capital increased is NT\$304,134 thousands.

Note2: Capital increased by Cash of NT\$100,000 thousands in February, 2023, the capital after capital increased is NT\$150,000 thousands and the name has been changed to uniXecure Technology Corp. in February, 2023.

Note3: The name has been changed to Systex Rainbow (Shanghai) Information Co., Ltd. in March, 2023.

Note4: Capital decreased by Cash Return of NT\$150,000 thousands in March, 2023, the capital after capital decreased is NT\$234,375 thousands.

## VIII. Special Disclosure

8.1.2 SYSTEX's Subsidiaries Chart (December 31, 2022): Please refer to page 199.

8.1.3 Shareholders in Common of SYSTEX and Its Subsidiaries with Deemed Control and Subordination: None.

8.1.4 Rosters of Directors, Supervisors, and Presidents of SYSTEX's Subsidiaries :

As of December 31, 2022

Company	Title	Name	Shareholding	
			Shares (Investment Amount)	% (Investment Holding)
Taifon Computer Co., Ltd.	Chairman & President	SYSTEX Corp. Rep.: Yang, Yun-Chang	20,000,000	100.00%
	Director	SYSTEX Corp. Rep.: Lin, Jen-Shou		
	Director	SYSTEX Corp. Rep.: Chen, Shih-Chen		
	Supervisor	SYSTEX Corp. Rep.: Chung, Chih-Chun		
Systex Solutions Corp.	Chairman	SYSTEX Corp. Rep.: Yang, Shih-Chung	26,000,000	100.00%
	Director	SYSTEX Corp. Rep.: Lin, Lung-Fen		
	Director	SYSTEX Corp. Rep.: Lin, Jen-Shou		
	Supervisor	SYSTEX Corp. Rep.: Chung, Chih-Chun		
	President	Lee, Chien Long	-	-
Concord System Management Corp.	Chairman	SYSTEX Corp. Rep.: Hsiao, Wei-Chun	23,113,372 (Note1)	100.00%
	Director & President	SYSTEX Corp. Rep.: Tao, Ya-Kuang		
	Director	SYSTEX Corp. Rep.: Lin, Jen-Shou		
	Supervisor	SYSTEX Corp. Rep.: Chung, Chih-Chun		
Top Information Technologies Co., Ltd.	Chairman & President	Concord System Management Corp. Rep.: Tao, Ya-Kuang	18,000,000	100%
	Director	Concord System Management Corp. Rep.: Hsieh, Ming-Shu		
	Director	Concord System Management Corp. Rep.: Chen, Shih-Chen		
	Supervisor	Concord System Management Corp. Rep.: Cheng, Yuan-Yih		
System Software & Service Corp.	Chairman & President	SYSTEX Corp. Rep.: Lee, Su-Yue	54,450,000	100.00%

## VIII. Special Disclosure

	Director	SYSTEX Corp. Rep.: Lin, Lung-Fen		
	Director	SYSTEX Corp. Rep.: Lin, Jen-Shou		
	Supervisor	SYSTEX Corp. Rep.: Cheng, Yuan-Yih		
SoftMobile Technology Corp.	Chairman	Golden Bridge Information Corp. Rep.: Wu, Wen-Shun	3,661,875	100.00%
	Director	Golden Bridge Information Corp. Rep.: Lin, Lung-Fen		
	Director	Golden Bridge Information Corp. Rep.: Hsieh, Ming-Shu		
	Supervisor	Golden Bridge Information Corp. Rep.: Chung, Chih-Chun		
	President	Huang, Feng-Lin	-	-
Nexsys Corp.	Chairman	SYSTEX Corp. Rep.: Pan, Tieh-I	13,996,500	70.00%
	Director & President	SYSTEX Corp. Rep.: Chung, Cheng-Wen		
	Director	Green World FinTech Service Co., Ltd. Rep.: Liang, Vei-Cheng	5,998,500	30.00%
	Supervisor	Chung, Chih-Chun	-	-
Naturint Ltd.	Chairman & President	SYSTEX Corp. Rep.: Chen, Kuo-Jen	2,000,000	100.00%
	Director	SYSTEX Corp. Rep.: Lin, Lung-Fen		
	Director	SYSTEX Corp. Rep.: Wu, Wen-Shun		
	Supervisor	SYSTEX Corp. Rep.: Chung, Chih-Chun		
Smartsys Technology Corp.	Chairman	Syslink Corp. Rep.: Lin, Lung-Fen	1,500,000	50.00%
	Director	Syslink Corp. Rep.: Chen, Shih-Chen		
	Director	Syslink Corp. Rep.: Lin, Cheng-Hsuan		
	Supervisor	Systex Software & Service Corp. Rep.: Cheng, Yuan-Yih	1,500,000	50.00%
	President	Chou, Mu-Yi	-	-
Syswiser Technology Corp.	Chairman	Syslink Corp. Rep.: Lin, Lung-Fen	1,000,000	100.00%
	Director	Syslink Corp. Rep.: Chen, Shih-Chen		

## VIII. Special Disclosure

	Director	Syslink Corp. Rep.: Chan, Yi-Cheng		
	Supervisor	Syslink Corp. Rep.: Cheng, Yuan-Yih		
E-service Information Corp.	Chairman	SYSTEX Corp. Rep.: Yang, Shih-Chung	8,000,000	100.00%
	Director	SYSTEX Corp. Rep.: Hsiao, Wei-Chun		
	Director	SYSTEX Corp. Rep.: Lin, Chia-Ying		
	Supervisor	SYSTEX Corp. Rep.: Cheng, Yuan-Yih		
uniXecure Corp. (Note 2)	Chairman	SYSTEX Corp. Rep.: Chan, Yi-Cheng	5,000,000 (Note 2)	100.00%
	Director	SYSTEX Corp. Rep.: Lin, Jen-Shou		
	Director	SYSTEX Corp. Rep.: Hsieh, Ming-Shu		
	Supervisor	SYSTEX Corp. Rep.: Chan, Yi-Cheng		
	President	Wu, Jian-Ho	-	-
Syspower Corp.	Chairman & President	Golden Bridge Information Corp. Rep.: Chen, Kuo-Chen	10,331,022	42.41%
	Director	Golden Bridge Information Corp. Rep.: Fan, Jee-Der		
	Director	Golden Bridge Information Corp. Rep.: Lin, Lung-Fen		
	Supervisor	Ching Pu Investment Corp. Rep.: Cheng, Yuan-Yih	9,052,889	37.16%
Palsys Digital Technology Corp. (Note 3)	Chairman	Syspower Corp. Rep.: Lin, Cheng-Hsuan	21,788,100	79.26%
	Director	Syspower Corp. Rep.: Chen, Kuo-Chen		
	Director	Syspower Corp. Rep.: Hsieh, Ming-Shu		
	Supervisor	Cheng, Yuan-Yih	-	-
	President	Hsu, Shu-Yang	-	-
Dawning Technology Inc.	Chairman & President	Syslink Corp. Rep.: Lin, Cheng-hsuan	32,608,896	91.60%
	Director	Syslink Corp. Rep.: Chen, Shih-Chen		
	Director	Syslink Corp. Rep.: Hsieh, Ming-Shu		

## VIII. Special Disclosure

	Supervisor	Cheng, Yuan-Yih	-	-
Taiwan Information Service Technology Corp.	Chairman	SYSTEX Corp. Rep.: Chan, Yi-Cheng	16,630	67.38%
	Director	SYSTEX Corp. Rep.: Wu, Jian-Ho		
	Director	Micro Factor Data Co., Ltd. Rep.: Hsieh, Jen-Chieh	8,050	32.62%
	Supervisor	Cheng, Yuan-Yih	-	-
	President	Huang, Chin-Te	-	-
MISYS Corp.	Chairman	SYSTEX Corp. Rep.: Wu, Wen-Shun	10,000,000	100.00%
	Director	SYSTEX Corp. Rep.: Chen, Kuo-Jen		
	Director	SYSTEX Corp. Rep.: Tao, Ya-Kuang		
	Supervisor	SYSTEX Corp. Rep.: Cheng, Yuan-Yih		
	President	Chen, Chin-Hui	-	-
Docutek Solution, Inc.	Chairman	SYSTEX Corp. Rep.: Chan, Yi-Cheng	7,568,413	54.92%
	Director	SYSTEX Corp. Rep.: Hsieh, Jen-Chieh		
	Director & President	Lin, Chao-Hsien	196,612	1.43%
	Supervisor	Ko, Nai-Hsuan	633,658	4.60%
ANSecurity Inc.	Chairman	Docutek Solution, Inc. Rep.: Lin, Chao-Hsien	2,674,443	100.00%
	Supervisor	Docutek Solution, Inc. Rep.: Chuang, I-Fang		
Docutek Services Corp.	Chairman	ANSecurity Inc. Rep.: Lin, Chao-Hsien	3,432,551	100.00%
	Supervisor	ANSecurity Inc. Rep.: Chuang, I-Fang		
Systek Information (Shanghai) Ltd.	Executive Director	Lin, Wen-Chou	Kimo.com (BVI) Corp. Investment USD31,100,000	100.00%
	Supervisor	Chang, Mei-Yi		
	President	Tan, Chien-Jung	-	-
Sysware Shenglong Information Systems Co., Ltd.	Executive Director	Lin, Wen-Chou	Kimo.com (BVI) Corp. Investment USD5,656,000	100.00%
	Supervisor	Chang, Mei-Yi		

## VIII. Special Disclosure

	President	Chien, Shih-Feng	-	-
Systex Group (China) Ltd.	Executive Director	Lin, Wen-Chou	Systex Information (H.K.) Ltd. Investment USD10,000,000	100.00%
	Supervisor	Chang, Mei-Yi		
Systex Rainbow Tech Inc.	Executive Director	Lin, Wen-Chou	Systek Information (Shanghai) Ltd. Investment RMB50,000,000	100.00%
	Supervisor	Chang, Mei-Yi		
Systex Ucom (Shanghai) Information Co., Ltd.	Executive Director	Li, Jing	Systex Group (China) Ltd. Investment RMB2,000,000	100.00%
	Supervisor	Zhong, Qian-Fen		
Systex Rainbow (Guangzhou) Tech Inc. (Note 4)	Executive Director & President	Tan, Chien-Jung	Systex Rainbow Tech Inc. Investment RMB500,000	40.00%
	Supervisor	Lin, Wen-Chou	Systex Ucom (Shanghai) Information Co., Ltd. Investment RMB750,000	60.00%
Systex Information (H.K.) Ltd.	Chairman	Cheng, Deng-Yuan	Kimo.com (BVI) Corp. 207,736,600	100.00%
	Director & President	HUI Hiu Tung		
	Director	Lin, Wen-Chou		
Rainbow Tech Information (HK) Ltd.	Chairman	Cheng, Deng-Yuan	Kimo.com (BVI) Corp. 14,607,765	49.00%
	Director	Lee On Nei Annie		
	Director	Or Chi Shing Eric	RTJVT1 Limited 6,200,847	20.80%
	Director	Hui Hiu Tung	Aottasys Information (H.K.) Limited 2,384,941	8.00%
	Director	Yu Yat Fung	Pi2 Limited 6,618,211	22.20%
Gemini Data K.K.	Chairman	Tang, Yin-Soon	Kimo.com (BVI) Corp. 11,000	100.00%
	Director	Chung, Chih-Chun		

## VIII. Special Disclosure

Ching Pu Investment Corp.	Chairman	SYSTEX Corp. Rep.: Lin, Lung-Fen	38,437,500 (Note 5)	100.00 %
	Director	SYSTEX Corp. Rep.: Chung, Chih-Chun		
	Director	SYSTEX Corp. Rep.: Lin, Pei-Fen		
	Supervisor	SYSTEX Corp. Rep.: Cheng, Yuan-Yih		
Golden Bridge Information Corp.	Chairman	SYSTEX Corp. Rep.: Lin, Lung-Fen	23,000,000	100.00%
	Director	SYSTEX Corp. Rep.: Chung, Chih-Chun		
	Director	SYSTEX Corp. Rep.: Lin, Jen-Shou		
	Supervisor	SYSTEX Corp. Rep.: Cheng, Yuan-Yih		
Syscore Corp.	Chairman	Kimo.com (BVI) Corp. Rep.: Chung, Chih-Chun	160,000,000	55.17%
	Director	Kimo.com (BVI) Corp. Rep.: Lin, Lung-Fen		
	Director	Kimo.com (BVI) Corp. Rep.: Lin, Pei-Fen	130,000,000	44.83%
	Supervisor	Systex Capital Group, Inc. Rep.: Cheng, Yuan-Yih		
Syslink Corp.	Chairman	Syscore Corp. Rep.: Lin, Lung-Fen	140,000,000	100.00%
	Director	Syscore Corp. Rep.: Chen, Shih-Chen		
	Director	Syscore Corp. Rep.: Tang, Yin-Soon		
	Supervisor	Syscore Corp. Rep.: Chung, Chih-Chun		
Syslong Corp.	Chairman	Syscore Corp. Rep.: Chung, Chih-Chun	25,000,000	100.00 %
	Director	Syscore Corp. Rep.: Lin, Lung-Fen		
	Director	Syscore Corp. Rep.: Lin, Pei-Fen		
	Supervisor	Syscore Corp. Rep.: Cheng, Yuan-Yih		
Hanmore Investment Corp.	Chairman & President	Joray Co., Ltd. Rep.: Wu, Cheng-Huan	18,768	0.10%
	Director	Joray Co., Ltd. Rep.: Lin, Chih-Min		

## VIII. Special Disclosure

	Director	SYSTEX Corp. Rep.: Cheng, Yuan-Yih	9,640,680	48.92%
	Supervisor	Chung, Chih-Chun	-	-
Kimo.com (BVI) Corp.	Director	Lin, Lung-Fen	500,000	100.00%
	Director	Chung, Chih-Chun		
System Capital Group, Inc.	Director	Lin, Lung-Fen	550	100.00%
	Director	Chung, Chih-Chun		
System Solutions (HK) Ltd.	Director	Lin, Lung-Fen	10,400,000	100.00%
	Director	Chung, Chih-Chun		

Note1: Capital increased by Return Earnings of NT\$73,000 thousands in March, 2023, the capital after capital increased is NT\$304,134 thousands.

Note2: Capital increased by Cash of NT\$100,000 thousands in February, 2023, the capital after capital increased is NT\$150,000 thousands and the name has been changed to uniXecure Technology Corp. in February, 2023.

Note3: Be assigned and elected and the Director had changed to Syslink Corp. in April, 2023.

Note4: The name has been changed to System Rainbow (Shanghai) Information Co., Ltd. in March, 2023.

Note5: Capital decreased by Cash Return of NT\$150,000 thousands in March, 2023, the capital after capital decreased is NT\$234,375 thousands.



## VIII. Special Disclosure

### 8.1.5 Operational Highlights of SYSTEX's Subsidiaries

Unit: NT\$ thousands, except EPS (\$) As of December 31, 2021

Company	Share Capital	Assets	Liabilities	Net Book Value	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	EPS
Taifon Computer Co., Ltd.	200,000	566,486	245,850	320,636	613,767	67,265	53,623	2.68
Systex Solutions Corp.	260,000	883,707	563,540	320,167	1,426,550	47,701	37,968	1.46
Concord System Management Corp.	231,134	1,484,379	1,069,560	414,819	1,691,793	76,422	72,548	3.14
Top Information Technologies Co., Ltd.	180,000	307,970	95,270	212,700	291,491	19,034	13,715	0.76
Systex Software & Service Corp.	544,500	2,961,079	1,707,155	1,253,924	9,524,945	627,814	506,500	9.30
SoftMobile Technology Corp.	36,619	117,962	55,086	62,876	172,558	21,727	18,085	4.94
Nexsys Corp.	199,950	479,926	95,718	384,208	413,649	97,384	78,957	3.95
Naturint Ltd.	20,000	22,675	1,513	21,162	8,700	(169)	(72)	(0.04)
Smartsys Technology Corp.	30,000	25,584	540	25,044	0	(3,107)	(2,993)	(1.00)
Syswiser Technology Corp.	10,000	9,098	2,712	6,386	0	(2,292)	(2,312)	(2.31)
E-service Information Co.	80,000	227,706	137,479	90,227	108,074	129,503	9,772	1.22
uniXecure Corp.(Note1)	50,000	66,894	23,686	43,208	36,545	(6,742)	(6,707)	(1.34)
Syspower Corp.	243,600	765,403	271,031	494,372	509,578	54,159	80,962	3.32
Palsys Digital Technology Corp.	274,906	1,333,286	1,003,597	329,689	1,517,405	61,238	42,204	1.54
Dawning Technology Inc.	356,000	2,123,778	1,433,638	690,140	4,039,088	48,562	41,184	1.16
Taiwan Information Service Technology Corp.	24,680	82,717	25,674	57,043	70,652	2,651	1,693	68.58 (Note 2)
MISYS Corp.	100,000	100,095	358	99,737	0	(435)	(263)	(0.03)
Docutek Solution, Inc.	137,808	415,265	183,311	231,954	444,523	58,007	64,240	4.66

## VIII. Special Disclosure

Company	Share Capital	Assets	Liabilities	Net Book Value	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	EPS
ANSecurity Inc.	26,744	48,441	249	48,192	1,509	(423)	9,801	3.66
Docutek Services Corp.	34,326	74,481	28,938	45,543	31,090	12,784	10,352	3.02
System Information (Shanghai) Ltd.	1,025,821	513,701	71,283	442,418	9,848	(13,594)	4,374	-
Sysware Shenglong Information Systems Co., Ltd.	181,110	70,006	11,204	58,802	(5,731)	(38,340)	(45,566)	-
Systex Group (China) Ltd.	273,740	1,304,747	1,201,209	103,538	2,928,675	10,632	18,908	-
Systex Rainbow Tech Inc.	217,075	889,916	589,579	300,337	1,275,945	30,755	20,276	-
Systex Ucom (Shanghai) Information Co., Ltd.	8,683	100,066	59,519	40,547	357,044	559	2,451	-
Systex Rainbow (Guangzhou) Tech Inc.(Note 3)	5,427	3,332	31	3,301	0	(380)	(368)	-
Systex Information (H.K.) Ltd.	737,257	985,416	302,048	683,368	1,684,883	30,725	64,889	-
Rainbow Tech Information (HK) Ltd.	105,802	204,089	79,155	124,934	423,684	1,791	(5,023)	-
Gemini Data K.K.	26,455	23,965	250	23,715	0	(1,750)	(1,810)	-
Ching Pu Investment Corp.	384,375	1,366,729	15,023	1,351,706	0	(407)	76,054	1.98
Golden Bridge Information Corp.	230,000	309,209	120	309,089	0	(130)	52,441	2.28
Syscore Corp.	2,900,000	3,173,223	4,634	3,168,589	0	(391)	(182,355)	(0.63)
Syslink Corp.	1,400,000	1,203,361	240	1,203,121	0	(467)	(7,580)	(0.05)
Syslong Corp.	250,000	267,162	1,150	266,012	0	(80)	6,785	0.27
Hanmore Investment Corp.	197,065	1,526,082	3,088	1,522,994	0	(3,787)	88,857	4.51
Kimo.com (BVI) Corp.	13,840	4,145,926	554	4,145,372	0	(9,026)	(98,840)	-

## VIII. Special Disclosure

Company	Share Capital	Assets	Liabilities	Net Book Value	Net Revenues	Income (Loss) from Operation	Net Income (Loss)	EPS
System Capital Group, Inc.	15	2,460,238	613	2,459,625	0	(657)	(194,681)	-
System Solutions (HK) Ltd.	287,872	339,294	106	339,188	0	(305)	5,021	-

Note 1: The name has been changed to uniXecure Technology Corp. in February, 2023.

Note 2: The par value is NT\$1,000.

Note 3: The name has been changed to System Rainbow (Shanghai) Information Co., Ltd. in March, 2023.

8.1.6 Subsidiaries' Consolidated Financial Statements: Please refer to pages 128~223.

8.2 Private Placement Securities in the Most Recent Years: N/A

8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years

Unit: NT\$ thousands ; shares ; %

Name of Subsidiary	Paid-in Capital	Fund Source	Shareholding Ratio of the Company	Date of Acquisition or Disposition	Shares and Amount Acquired	Shares and Amount Disposed	Investment Gain (Loss)	Shareholdings and Amount as of the printing date of this annual report (Note1)	Mortgage	Endorsement Amount Made for the Subsidiary	Amount Loaned to the Subsidiary
Hanmore Investment Corp.	NT\$ 197,065 thousands	N/A	48.9%	-	-	-	-	21,316,678 shares NT\$1,679,754 thousands	5,000,000 shares (Note 2)	-	-
Ching Pu Investment Corp.	NT\$ 234,375 thousands	N/A	100.0%	-	-	-	-	10,981,476 shares NT\$865,340 thousands	-	-	-

Note 1: The amount held is the fair market value as of March 31, 2023

Note 2: Hanmore Investment Corp. pledged 5,000,000 shares of the Company as collateral; the pledge does not affect the Company's financial performance or financial status.

8.4 Other Necessary Supplement: None.

8.5 Any Events in 2021 and as of the Date of this Annual Report that Had Significant Impacts on Shareholders' Right or Security Prices as Stated in Item 3 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.



**SYSTEX CORPORATION**

No.318, Rueiguang Rd., Neihu Dist., Taipei City 114, Taiwan  
Tel +886-2-7720-1888 | [www.systemex.com](http://www.systemex.com)