

Systemx Corporation and Subsidiaries

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Systex Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Systex Corporation and its subsidiaries (collectively referred to as the "Group") as of September 30, 2022 and 2021, and the related consolidated statements of comprehensive income for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of September 30, 2022 and 2021, combined total assets of these subsidiaries were \$8,363,678 thousand and \$6,016,533 thousand, respectively, representing 29.07% and 22.70%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$4,377,393 thousand and \$3,603,375 thousand, respectively, representing 30.27% and 28.20%, respectively, of the consolidated total liabilities. For the three months ended September 30, 2022 and 2021, and for the nine months ended September 30, 2022 and 2021, the amounts of combined total comprehensive income of these subsidiaries were \$82,770 thousand, \$194 thousand, \$233,789 thousand and \$128,261 thousand, respectively, representing 15.52%, 0.09%, 17.45% and 10.90%, respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 14 to the consolidated financial statements, as of September 30, 2022 and 2021, investments accounted for using the equity method of the Group were \$1,946,463

thousand and \$1,614,496 thousand, respectively; for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, the amounts of the share in total comprehensive (loss) income recognized were \$17,007 thousand, \$(69,761) thousand, \$33,966 thousand and \$4,833 thousand, respectively; such amounts were based on the investees' unreviewed financial statements for the same reporting periods. Related investments information on subsidiaries and associates stated above shown in Note 36 to the consolidated financial statements was also unreviewed.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2022 and 2021, its consolidated financial performance for the three months ended September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 2, 2022

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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2022 (Reviewed)		December 31, 2021 (Audited)		September 30, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 4,478,618	16	\$ 4,068,254	15	\$ 3,834,287	15
Financial assets at fair value through profit or loss - current (Note 7)	2,167,742	8	4,564,229	17	4,589,092	17
Notes receivable, net (Notes 11 and 21)	85,218	-	92,840	1	122,307	-
Accounts receivable, net (Notes 11, 21 and 30)	5,623,155	20	4,763,234	18	4,980,145	19
Other receivables	80,865	-	87,687	-	102,758	-
Inventories (Note 12)	5,096,710	18	3,250,755	12	3,303,466	13
Prepayments	2,138,109	7	1,754,766	7	1,667,617	6
Non-current assets held for sale (Note 15)	298	-	298	-	298	-
Other financial assets - current (Notes 31 and 32)	390,476	1	241,079	1	203,389	1
Refundable deposits - current	362,646	1	404,210	2	311,015	1
Other current assets (Note 30)	76,402	-	45,670	-	94,586	-
Total current assets	<u>20,500,239</u>	<u>71</u>	<u>19,273,022</u>	<u>73</u>	<u>19,208,960</u>	<u>72</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	1,946,472	7	1,700,303	6	1,764,536	7
Financial assets at fair value through other comprehensive income - non-current (Note 8)	520,542	2	301,551	1	277,301	1
Financial assets at amortized cost - non-current (Notes 9 and 10)	500,000	2	500,000	2	500,000	2
Investments accounted for using equity method (Note 14)	1,946,463	7	1,781,833	7	1,614,496	6
Property, plant and equipment (Notes 15 and 31)	2,225,965	8	2,088,417	8	2,096,640	8
Right-of-use assets (Note 16)	336,888	1	276,655	1	300,924	1
Intangible assets	331,272	1	136,147	-	222,916	1
Deferred tax assets	62,368	-	60,848	-	81,839	-
Refundable deposits - non-current	243,381	1	234,075	1	240,859	1
Long-term receivables (Note 11)	8,005	-	12,906	-	13,993	-
Other financial assets - non-current (Notes 31 and 32)	105,585	-	143,501	1	138,670	1
Other non-current assets (Note 30)	40,564	-	50,932	-	39,312	-
Total non-current assets	<u>8,267,505</u>	<u>29</u>	<u>7,287,168</u>	<u>27</u>	<u>7,291,486</u>	<u>28</u>
TOTAL	<u>\$ 28,767,744</u>	<u>100</u>	<u>\$ 26,560,190</u>	<u>100</u>	<u>\$ 26,500,446</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Notes 17 and 31)	\$ 2,612,986	9	\$ 1,253,994	5	\$ 2,162,581	8
Contract liabilities (Note 21)	1,918,099	7	1,545,903	6	1,453,830	5
Notes and accounts payable	4,718,153	16	4,319,605	16	4,007,365	15
Payables to related parties (Note 30)	17,732	-	21,776	-	18,017	-
Other payables (Note 30)	1,016,744	4	1,496,836	6	1,022,846	4
Current tax liabilities (Note 4)	139,454	-	125,443	-	154,871	1
Lease liabilities - current (Note 16)	141,136	1	134,442	1	138,651	1
Current portion of long-term borrowings (Notes 17 and 31)	9,822	-	5,893	-	5,872	-
Other current liabilities	380,839	1	355,965	1	334,615	1
Total current liabilities	<u>10,954,965</u>	<u>38</u>	<u>9,259,857</u>	<u>35</u>	<u>9,298,648</u>	<u>35</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 18)	2,995,118	10	2,994,442	11	2,994,218	11
Long-term borrowings (Notes 17 and 31)	107,352	-	87,578	-	89,059	-
Deferred tax liabilities	8,339	-	6,084	-	6,422	-
Lease liabilities - non-current (Note 16)	201,595	1	146,168	1	165,999	1
Net defined benefit liabilities - non-current (Note 4)	187,042	1	249,455	1	219,259	1
Other non-current liabilities	5,597	-	5,439	-	6,372	-
Total non-current liabilities	<u>3,505,043</u>	<u>12</u>	<u>3,489,166</u>	<u>13</u>	<u>3,481,329</u>	<u>13</u>
Total liabilities	<u>14,460,008</u>	<u>50</u>	<u>12,749,023</u>	<u>48</u>	<u>12,779,977</u>	<u>48</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 20 and 25)						
Share capital	<u>2,723,933</u>	<u>9</u>	<u>2,693,933</u>	<u>10</u>	<u>2,693,933</u>	<u>10</u>
Capital surplus	<u>6,877,137</u>	<u>24</u>	<u>6,606,321</u>	<u>25</u>	<u>6,605,046</u>	<u>25</u>
Retained earnings						
Legal reserve	1,576,153	5	1,457,250	5	1,457,250	6
Special reserve	729,124	3	768,711	3	768,711	3
Unappropriated earnings	3,200,659	11	3,634,691	14	3,522,714	13
Total retained earnings	<u>5,505,936</u>	<u>19</u>	<u>5,860,652</u>	<u>22</u>	<u>5,748,675</u>	<u>22</u>
Other equity	(415,980)	(1)	(729,124)	(3)	(686,851)	(3)
Treasury shares	(928,443)	(3)	(928,443)	(3)	(928,443)	(3)
Total equity attributable to owners of the Corporation	13,762,583	48	13,503,339	51	13,432,360	51
NON-CONTROLLING INTERESTS (Notes 20 and 26)	<u>545,153</u>	<u>2</u>	<u>307,828</u>	<u>1</u>	<u>288,109</u>	<u>1</u>
Total equity	<u>14,307,736</u>	<u>50</u>	<u>13,811,167</u>	<u>52</u>	<u>13,720,469</u>	<u>52</u>
TOTAL	<u>\$ 28,767,744</u>	<u>100</u>	<u>\$ 26,560,190</u>	<u>100</u>	<u>\$ 26,500,446</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated November 2, 2022)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE								
(Notes 21 and 30)								
Sales	\$ 6,873,462	80	\$ 6,201,110	78	\$ 19,026,051	79	\$ 17,156,248	78
Less: Sales returns and allowances	<u>12,620</u>	-	<u>26,097</u>	-	<u>58,423</u>	-	<u>83,771</u>	-
Net sales	6,860,842	80	6,175,013	78	18,967,628	79	17,072,477	78
Service revenue	1,667,833	20	1,591,334	22	4,938,102	21	4,829,548	22
Other operating revenue	<u>17,879</u>	-	<u>15,413</u>	-	<u>51,917</u>	-	<u>49,769</u>	-
Total operating revenue	<u>8,546,554</u>	<u>100</u>	<u>7,781,760</u>	<u>100</u>	<u>23,957,647</u>	<u>100</u>	<u>21,951,794</u>	<u>100</u>
OPERATING COSTS								
(Notes 12, 22 and 30)								
Cost of goods sold	5,998,161	70	5,441,264	68	16,460,727	69	14,844,078	68
Service costs	710,652	8	755,004	10	2,196,769	9	2,322,222	10
Other operating costs	<u>3,316</u>	-	<u>2,337</u>	-	<u>7,389</u>	-	<u>12,451</u>	-
Total operating costs	<u>6,712,129</u>	<u>78</u>	<u>6,198,605</u>	<u>78</u>	<u>18,664,885</u>	<u>78</u>	<u>17,178,751</u>	<u>78</u>
GROSS PROFIT	<u>1,834,425</u>	<u>22</u>	<u>1,583,155</u>	<u>22</u>	<u>5,292,762</u>	<u>22</u>	<u>4,773,043</u>	<u>22</u>
OPERATING EXPENSES								
(Notes 11, 19, 22, 25 and 30)								
Selling expenses	1,256,985	15	1,051,854	14	3,436,922	14	3,073,948	14
General and administrative expenses	154,186	2	148,488	2	448,278	2	437,617	2
Research and development expenses	136,827	1	125,172	2	398,513	1	366,210	2
Expected credit loss (gain)	<u>1,732</u>	-	<u>5,275</u>	-	<u>(12,040)</u>	-	<u>12,248</u>	-
Total operating expenses	<u>1,549,730</u>	<u>18</u>	<u>1,330,789</u>	<u>18</u>	<u>4,271,673</u>	<u>17</u>	<u>3,890,023</u>	<u>18</u>
PROFIT FROM OPERATIONS	<u>284,695</u>	<u>4</u>	<u>252,366</u>	<u>4</u>	<u>1,021,089</u>	<u>5</u>	<u>883,020</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES								
Share of profit (loss) of associates (Note 14)	18,629	-	(39,448)	-	20,194	-	34,832	-
Interest income	7,003	-	5,765	-	19,774	-	20,949	-
Dividend income	20,161	-	47,331	1	66,013	-	47,776	1
Other income, net (Note 30)	6,660	-	23,929	-	54,596	-	43,969	-
(Loss) gain on sale of investments, net (Note 22)	(431)	-	798	-	1,526	-	13,985	-
Gain on disposal of non-current assets held for sale	-	-	62	-	-	-	909	-
Foreign exchange gain, net	16,078	-	3,405	-	20,833	-	13,493	-
Gain (loss) on financial assets at fair value through profit or loss, net	69,092	1	15,874	1	(110,574)	-	247,221	1
Interest expense	(22,800)	-	(13,524)	-	(58,153)	-	(27,573)	-
Other expenses	(2,413)	-	(2,717)	-	(9,540)	-	(6,367)	-

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SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Gain on disposal of property, plant and equipment, net (Note 30)	\$ 1,003	-	\$ -	-	\$ 3,041	-	\$ 26	-
Loss on disposal of intangible assets	(6,817)	-	-	-	(6,817)	-	-	-
Total non-operating income and expenses	106,165	1	41,475	2	893	-	389,220	2
INCOME BEFORE INCOME TAX	390,860	5	293,841	6	1,021,982	5	1,272,240	6
INCOME TAX EXPENSE (Notes 4 and 23)	61,952	1	59,971	1	212,512	1	197,059	1
NET INCOME	328,908	4	233,870	5	809,470	4	1,075,181	5
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX (Note 20)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on equity instruments at fair value through other comprehensive income	(27,881)	(1)	12,061	1	20,246	-	226,028	1
Share of the other comprehensive loss of associates accounted for using the equity method	(12,541)	-	(29,638)	-	(2,108)	-	(29,063)	-
	(40,422)	(1)	(17,577)	1	18,138	-	196,965	1
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of foreign operations	233,932	3	(9,305)	(1)	495,926	2	(94,222)	(1)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	10,919	-	(675)	-	15,880	-	(936)	-
	244,851	3	(9,980)	(1)	511,806	2	(95,158)	(1)
Other comprehensive income (loss) for the period, net of income tax	204,429	2	(27,557)	-	529,944	2	101,807	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 533,337	6	\$ 206,313	5	\$ 1,339,414	6	\$ 1,176,988	5

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SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2022		2021		2022		2021	
	Amount	%	Amount	%	Amount	%	Amount	%
NET INCOME								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 313,729	4	\$ 230,487	5	\$ 784,485	3	\$ 1,070,589	5
Non-controlling interests	<u>15,179</u>	<u>-</u>	<u>3,383</u>	<u>-</u>	<u>24,985</u>	<u>-</u>	<u>4,592</u>	<u>-</u>
	<u>\$ 328,908</u>	<u>4</u>	<u>\$ 233,870</u>	<u>5</u>	<u>\$ 809,470</u>	<u>3</u>	<u>\$ 1,075,181</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 513,875	6	\$ 204,107	5	\$ 1,306,031	6	\$ 1,173,573	5
Non-controlling interests	<u>19,462</u>	<u>-</u>	<u>2,206</u>	<u>-</u>	<u>33,383</u>	<u>-</u>	<u>3,415</u>	<u>-</u>
	<u>\$ 533,337</u>	<u>6</u>	<u>\$ 206,313</u>	<u>5</u>	<u>\$ 1,339,414</u>	<u>6</u>	<u>\$ 1,176,988</u>	<u>5</u>
EARNINGS PER SHARE (Note 24)								
Basic	<u>\$ 1.26</u>		<u>\$ 0.93</u>		<u>\$ 3.16</u>		<u>\$ 4.32</u>	
Diluted	<u>\$ 1.26</u>		<u>\$ 0.93</u>		<u>\$ 3.16</u>		<u>\$ 4.31</u>	

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

(With Deloitte & Touche auditors' review report dated November 2, 2022)

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation (Note 20)											Non-controlling Interests (Note 20)	Total Equity
	Share Capital	Capital Surplus	Retained Earnings				Exchange Differences on Translation of Foreign Operations	Other Equity		Treasury Shares	Total		
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits (Notes 4 and 25)				
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	-	-	156,616	-	(156,616)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	189,245	(189,245)	-	-	-	-	-	-	-	-
Cash dividends - NT\$5 per share	-	-	-	-	(1,346,967)	(1,346,967)	-	-	-	-	(1,346,967)	-	(1,346,967)
Share of changes in associates accounted for using the equity method	-	4,728	-	-	-	-	-	-	-	-	4,728	1,191	5,919
Net profit for the nine months ended September 30, 2021	-	-	-	-	1,070,589	1,070,589	-	-	-	-	1,070,589	4,592	1,075,181
Other comprehensive (loss) income for the nine months ended September 30, 2021	-	-	-	-	-	-	(93,981)	196,965	-	-	102,984	(1,177)	101,807
Total comprehensive income (loss) for the nine months ended September 30, 2021	-	-	-	-	1,070,589	1,070,589	(93,981)	196,965	-	-	1,173,573	3,415	1,176,988
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	-	(2,318)	-	-	-	-	-	-	-	-	(2,318)	2,318	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	126,384	126,384
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	21,124	21,124	-	(21,124)	-	-	-	-	-
BALANCE AT SEPTEMBER 30, 2021	\$ 2,693,933	\$ 6,605,046	\$ 1,457,250	\$ 768,711	\$ 3,522,714	\$ 5,748,675	\$ (675,466)	\$ (11,385)	\$ -	\$ (928,443)	\$ 13,432,360	\$ 288,109	\$ 13,720,469
BALANCE AT JANUARY 1, 2022	\$ 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	\$ 307,828	\$ 13,811,167
Appropriation of 2021 earnings	-	-	118,903	-	(118,903)	-	-	-	-	-	-	-	-
Legal reserve	-	-	118,903	-	(118,903)	-	-	-	-	-	-	-	-
Cash dividends - NT\$4.2 per share	-	-	-	-	(1,131,452)	(1,131,452)	-	-	-	-	(1,131,452)	-	(1,131,452)
Reversal of special reserve	-	-	-	(39,587)	39,587	-	-	-	-	-	-	-	-
Share of changes in associates accounted for using the equity method	-	1,164	-	-	-	-	-	-	-	-	1,164	-	1,164
Distribution in cash of the capital surplus - NT\$0.8 per share	-	(215,515)	-	-	-	-	-	-	-	-	(215,515)	-	(215,515)
Net profit for the nine months ended September 30, 2022	-	-	-	-	784,485	784,485	-	-	-	-	784,485	24,985	809,470
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	219	219	503,408	17,919	-	-	521,546	8,398	529,944
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	784,704	784,704	503,408	17,919	-	-	1,306,031	33,383	1,339,414
Share-based payment transaction - restricted shares for employees	30,000	189,300	-	-	-	-	-	-	(208,183)	-	11,117	-	11,117
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	-	192,656	-	-	(7,968)	(7,968)	-	-	-	-	184,688	45,937	230,625
Share of changes in equities of subsidiaries	-	(3,838)	-	-	-	-	-	-	-	-	(3,838)	3,838	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	154,167	154,167
BALANCE AT SEPTEMBER 30, 2022	\$ 2,723,933	\$ 6,877,137	\$ 1,576,153	\$ 729,124	\$ 3,200,659	\$ 5,505,936	\$ (188,608)	\$ (19,189)	\$ (208,183)	\$ (928,443)	\$ 13,762,583	\$ 545,153	\$ 14,307,736

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

(With Deloitte & Touche auditors' review report dated November 2, 2022)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,021,982	\$ 1,272,240
Adjustments for:		
Depreciation expense	239,663	221,621
Amortization expense	29,216	36,446
Expected credit loss (reversed) recognized	(12,040)	12,248
Loss (gain) on financial assets at fair value through profit or loss, net	110,574	(247,221)
Interest expense	58,153	27,573
Interest income	(19,774)	(20,949)
Dividend income	(66,013)	(47,776)
Compensation cost of share-based payment	11,117	-
Share of profit of associates	(20,194)	(34,832)
Gain on disposal of property, plant and equipment, net	(3,041)	(26)
Loss on disposal of intangible assets	6,817	-
Gain on disposal of non-current assets held for sale	-	(909)
Reversal of write-down of inventories	(15,103)	(3,691)
Unrealized (gain) loss on foreign currency exchange, net	(838)	411
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	2,149,956	(1,307,260)
Notes receivable	11,623	(69,237)
Accounts receivable	(529,165)	(854,334)
Other receivables	19,304	(52,420)
Inventories	(1,783,088)	37,951
Prepayments	(307,421)	(432,301)
Other current assets	(29,432)	(29,371)
Contract liabilities	225,174	(30,406)
Notes and accounts payable	209,936	239,057
Payables to related parties	(4,044)	(67,357)
Other payables	(514,219)	(452,220)
Other current liabilities	17,160	98,428
Net defined benefit liabilities	(62,413)	(39,385)
Cash generated from (used in) operations	743,890	(1,743,720)
Interest paid	(56,949)	(26,660)
Income tax paid	(203,500)	(237,318)
Net cash generated from (used in) operating activities	<u>483,441</u>	<u>(2,007,698)</u>

(Continued)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (236,643)	\$ (251,281)
Disposal of financial assets at fair value through other comprehensive income	-	212,449
Capital reduction of financial assets at fair value through other comprehensive income	73,211	-
Acquisition of investments accounted for using equity method	(196,037)	(527,849)
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	(173,179)	(90,885)
Proceeds from disposal of property, plant and equipment	23,261	12,977
Decrease (increase) in refundable deposits	40,423	(28,836)
Payments for intangible assets	(81,107)	(58,419)
Proceeds from disposal of intangible assets	682	5
Decrease (increase) in long-term receivables	4,901	(6,029)
Increase in pledged time deposits	(111,481)	(13,483)
Decrease in other non-current assets	18,760	23,118
Interest received	23,935	25,075
Dividends received	66,013	47,776
Dividends received from associates	<u>52,482</u>	<u>36,286</u>
Net cash used in investing activities	<u>(560,975)</u>	<u>(662,121)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	1,271,699	1,338,017
Proceeds from issuance of corporate bonds	-	2,994,218
Repayment of long-term borrowings	(5,088)	(12,258)
Increase (decrease) in guarantee deposits received	158	(2,157)
Repayment of the principal portion of lease liabilities	(129,134)	(123,771)
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	41,396	21,873
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 generated from financing activities	<u>169,738</u>	<u>2,977,653</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>318,160</u>	<u>(63,551)</u>

(Continued)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2022	2021
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 410,364	\$ 244,283
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,068,254</u>	<u>3,590,004</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,478,618</u>	<u>\$ 3,834,287</u>

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

(With Deloitte & Touche auditors' review report dated November 2, 2022)

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Systex 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 November 2, 2022.

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 material impact on the Group’s accounting policies.

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

New IFRSs	Effective Date Announced by IASB
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 are 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 will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be 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 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, 2023

Note 1: Unless stated otherwise, the above New 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 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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

- 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. Basis of consolidation

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

d. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

3) 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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

For the critical accounting judgments and key sources of estimation uncertainty except as noted below, refer to the consolidated financial statements for the year ended December 31, 2021.

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 flow projections, growth rate, discount rate, profitability, 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.

6. CASH AND CASH EQUIVALENTS

	September 30, 2022	December 31, 2021	September 30, 2021
Cash on hand	\$ 752	\$ 590	\$ 541
Checking accounts and demand deposits	4,033,366	4,067,664	3,833,746
Cash equivalents			
Time deposits with original maturities of less than 3 months	<u>444,500</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,478,618</u>	<u>\$ 4,068,254</u>	<u>\$ 3,834,287</u>
Market interest rate interval			
Time deposits with original maturities of less than 3 months	3.00%	-	-

7. FINANCIAL ASSETS AT FVTPL

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Current</u>			
Financial assets mandatorily classified as at FVTPL			
Mutual funds	\$ 1,961,610	\$ 4,412,309	\$ 4,409,535
Listed shares	<u>206,132</u>	<u>151,920</u>	<u>179,557</u>
	<u>\$ 2,167,742</u>	<u>\$ 4,564,229</u>	<u>\$ 4,589,092</u>
<u>Non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Unlisted shares	\$ 1,740,370	\$ 1,502,631	\$ 1,569,356
Unlisted preferred shares	88,324	96,020	92,744
Others	<u>117,778</u>	<u>101,652</u>	<u>102,436</u>
	<u>\$ 1,946,472</u>	<u>\$ 1,700,303</u>	<u>\$ 1,764,536</u>

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	September 30, 2022	December 31, 2021	September 30, 2021
Investments in equity instruments			
Listed shares	\$ 203,073	\$ -	\$ -
Unlisted shares	258,414	250,066	267,275
Unlisted preferred shares	<u>59,055</u>	<u>51,485</u>	<u>10,026</u>
	<u>\$ 520,542</u>	<u>\$ 301,551</u>	<u>\$ 277,301</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 as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

For the nine months ended September 30, 2021, the Group sold part of investment at fair value because of investment strategy and its related unrealized valuation loss of \$41,319 thousand, was 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

	September 30, 2022	December 31, 2021	September 30, 2021
Domestic corporate bonds	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Interest rate	3.5%	3.5%	3.5%

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	September 30, 2022	December 31, 2021	September 30, 2021
Gross carrying amount	\$ 500,000	\$ 500,000	\$ 500,000
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 500,000</u>	<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		
				September 30, 2022	December 31, 2021	September 30, 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	\$ 500,000

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

	September 30, 2022	December 31, 2021	September 30, 2021
Notes receivable	\$ 85,449	\$ 93,071	\$ 122,538
Less: Allowance for doubtful accounts	<u>(231)</u>	<u>(231)</u>	<u>(231)</u>
	<u>\$ 85,218</u>	<u>\$ 92,840</u>	<u>\$ 122,307</u>
Accounts receivable	\$ 5,858,770	\$ 4,973,420	\$ 5,172,576
Less: Allowance for doubtful accounts	<u>(235,615)</u>	<u>(210,186)</u>	<u>(192,431)</u>
	<u>\$ 5,623,155</u>	<u>\$ 4,763,234</u>	<u>\$ 4,980,145</u>
Long-term receivables	\$ 8,425	\$ 13,777	\$ 14,797
Less: Unrealized interest income	<u>(420)</u>	<u>(871)</u>	<u>(804)</u>
	<u>\$ 8,005</u>	<u>\$ 12,906</u>	<u>\$ 13,993</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 experience 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.

September 30, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Gross carrying amount	\$ 4,872,669	\$ 662,379	\$ 85,612	\$ 66,908	\$ 256,651	\$ 5,944,219
Loss allowance (Lifetime ECL)	<u>(223)</u>	<u>(2,744)</u>	<u>(5,100)</u>	<u>(7,029)</u>	<u>(220,750)</u>	<u>(235,846)</u>
Amortized cost	<u>\$ 4,872,446</u>	<u>\$ 659,635</u>	<u>\$ 80,512</u>	<u>\$ 59,879</u>	<u>\$ 35,901</u>	<u>\$ 5,708,373</u>

December 31, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	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>

September 30, 2021

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Gross carrying amount	\$ 4,041,735	\$ 811,965	\$ 140,017	\$ 67,639	\$ 233,758	\$ 5,295,114
Loss allowance (Lifetime ECL)	<u>(422)</u>	<u>(671)</u>	<u>(615)</u>	<u>(303)</u>	<u>(190,651)</u>	<u>(192,662)</u>
Amortized cost	<u>\$ 4,041,313</u>	<u>\$ 811,294</u>	<u>\$ 139,402</u>	<u>\$ 67,336</u>	<u>\$ 43,107</u>	<u>\$ 5,102,452</u>

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

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 210,417	\$ 182,641
Net remeasurement of loss allowance	(12,040)	12,248
Acquisition of subsidiaries	32,084	871
Amount written off	(462)	(226)
Foreign exchange gains and losses	<u>5,847</u>	<u>(2,872)</u>
Balance at September 30	<u>\$ 235,846</u>	<u>\$ 192,662</u>

12. INVENTORIES

	September 30, 2022	December 31, 2021	September 30, 2021
Merchandise	\$ 5,067,946	\$ 3,223,794	\$ 3,275,898
Maintenance parts	<u>28,764</u>	<u>26,961</u>	<u>27,568</u>
	<u>\$ 5,096,710</u>	<u>\$ 3,250,755</u>	<u>\$ 3,303,466</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Reversal of write-down of inventory (recognized as cost of goods sold)	<u>\$ 2,189</u>	<u>\$ 1,765</u>	<u>\$ 15,103</u>	<u>\$ 3,691</u>

Write-downs of inventory were reversed as a result of the increase in net realizable value.

13. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Main Business	% of Ownership			Remark
			September 30, 2022	December 31, 2021	September 30, 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	100.00	
The Corporation	System Capital Group, Inc. (SCGI)	Investment activities including financial trust and holding	100.00	100.00	100.00	
The Corporation	Hanmore Investment Corporation (Hanmore)	General investment activities	48.92	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	100.00	
The Corporation	Golden Bridge Corporation (GBC)	General investment activities	100.00	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	100.00	
The Corporation	Ching Pu Investment Corporation (Ching Pu)	General investment activities	100.00	100.00	100.00	
The Corporation	Kimo.com (BVI) Corporation (Kimo BVI)	Investment activities including financial trust and holding	100.00	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	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	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	100.00	
The Corporation	Etu Corporation (Etu)	Software design and data processing, retailing and service of software	-	84.19	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	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	100.00	d
The Corporation	Taiwan Information Service Technology Corporation (TIST)	Installation, sale, information software, data processing and other consultation on computer software and related equipment	67.38	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, setup 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
The Corporation and Syslink	Dawning Technology Corporation (Dawning)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	91.60	74.43	74.43	h
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	100.00	

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			September 30, 2022	December 31, 2021	September 30, 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	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	100.00	i
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	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	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	100.00	f
Kimo BVI	System Information (HK) Corporation (Systex HK)	Sale of computer and peripheral equipment, retailing and processing of information of software	100.00	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	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	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	100.00	j
Kimo BVI	Systex Solutions (HK) Corporation (SSHK)	Investment activities including financial trust and holding	100.00	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	-	-	k
Kimo BVI and SCGI	Syscore Corporation (Syscore)	General investment activities.	100.00	100.00	100.00	
Syscore	Syslink Corporation (Syslink)	General Investment activities	100.00	100.00	100.00	
Syscore	Syslong Corporation (Syslong)	General Investment activities	100.00	100.00	-	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	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	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	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	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	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	100.00	

(Concluded)

- a. The Group holds 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. 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 is 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 addition, Dawning issued new shares in May 2022, 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%.
- i. 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%.
- j. 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.
- k. Gemini Data was incorporated in January 2022.
- l. Syslong was incorporated in November 2021.

All accounts of subsidiaries were included in the consolidated financial statements for the nine months ended September 30, 2022 and 2021.

The financial statements of subsidiaries included in the consolidated financial statements mentioned above were not reviewed except for those of the Corporation, SSSC, SCGI, Kimo BVI and its subsidiaries (Dawning excluded) for the nine months ended September 30, 2022 and the Corporation, SSSC, Ching Pu, SCGI, Kimo BVI and its subsidiaries (Dawning excluded) for the nine months ended September 30, 2021. As of September 30, 2022 and 2021, combined total assets of these unreviewed subsidiaries were \$8,363,678 thousand and \$6,016,533 thousand, respectively, representing 29.07% and 22.70%, respectively, of the consolidated total assets, and combined total liabilities of these unreviewed subsidiaries were \$4,377,393 thousand and \$3,603,375 thousand, respectively, representing 30.27% and 28.20%, respectively, of the consolidated total liabilities. For the three months and nine months ended September 30, 2022 and 2021, the amounts of combined total comprehensive income of these unreviewed subsidiaries were \$82,770 thousand, \$194 thousand, \$233,789 thousand and \$128,261 thousand, respectively, representing 15.52%, 0.09%, 17.45% and 10.90%, respectively, of the consolidated total comprehensive income.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2022	December 31, 2021	September 30, 2021
Investments in associates	<u>\$ 1,946,463</u>	<u>\$ 1,781,833</u>	<u>\$ 1,614,496</u>

Aggregate information of associates:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
The Group's share of:				
Net profit (loss) for the period	\$ 18,629	\$ (39,448)	\$ 20,194	\$ 34,832
Other comprehensive (loss) income for the period	<u>(1,622)</u>	<u>(30,313)</u>	<u>13,772</u>	<u>(29,999)</u>
Total comprehensive income (loss) for the period	<u>\$ 17,007</u>	<u>\$ (69,761)</u>	<u>\$ 33,966</u>	<u>\$ 4,833</u>

Investments accounted for using the equity method and the Group's share of profit or loss and other comprehensive income were calculated based on the financial statements that have not been reviewed.

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computer Equipment	Transportation Equipment	Lease Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
Balance at January 1, 2021	\$ 955,504	\$ 1,460,338	\$ 255,084	\$ 14,555	\$ 49,045	\$ 63,503	\$ 85,667	\$ 2,883,696
Additions	-	-	55,392	462	2,362	29,073	16,567	103,856
Disposals	-	-	(38,810)	(5,338)	(1,303)	(1,859)	(1,405)	(48,715)
Acquisitions through business combinations	-	-	13,574	-	-	-	-	13,574
Reclassification	-	-	18	-	442	-	-	460
Effect of foreign currency exchange differences	-	(4,192)	(810)	(27)	(35)	(148)	(105)	(5,317)
Balance at September 30, 2021	<u>\$ 955,504</u>	<u>\$ 1,456,146</u>	<u>\$ 284,448</u>	<u>\$ 9,652</u>	<u>\$ 50,511</u>	<u>\$ 90,569</u>	<u>\$ 100,724</u>	<u>\$ 2,947,554</u>
Accumulated depreciation and impairment								
Balance at January 1, 2021	\$ 7,694	\$ 554,953	\$ 124,979	\$ 9,438	\$ 32,193	\$ 25,089	\$ 30,680	\$ 785,026
Depreciation expense	-	17,185	45,665	1,397	8,422	14,073	12,521	99,263
Disposals	-	-	(27,426)	(3,781)	(1,303)	(1,859)	(1,395)	(35,764)
Acquisitions through business combination	-	-	4,260	-	-	-	-	4,260
Reclassification	-	-	15	-	(15)	-	-	-
Effect of foreign currency exchange differences	-	(1,055)	(636)	(15)	(34)	(66)	(65)	(1,871)
Balance at September 30, 2021	<u>\$ 7,694</u>	<u>\$ 571,083</u>	<u>\$ 146,857</u>	<u>\$ 7,039</u>	<u>\$ 39,263</u>	<u>\$ 37,237</u>	<u>\$ 41,741</u>	<u>\$ 850,914</u>
Carrying amount at September 30, 2021	<u>\$ 947,810</u>	<u>\$ 885,063</u>	<u>\$ 137,591</u>	<u>\$ 2,613</u>	<u>\$ 11,248</u>	<u>\$ 53,332</u>	<u>\$ 58,983</u>	<u>\$ 2,096,640</u>
Cost								
Balance at January 1, 2022	\$ 950,920	\$ 1,456,044	\$ 286,258	\$ 4,331	\$ 24,594	\$ 93,891	\$ 104,879	\$ 2,920,917
Additions	-	-	108,389	-	13,231	19,612	31,947	173,179
Disposals	(12,667)	(7,240)	(41,464)	-	(4,980)	(2,797)	(2,087)	(71,235)
Acquisitions through business combinations	78,188	14,182	7,236	-	-	-	705	100,311
Reclassification	-	-	(6,337)	-	381	-	-	(5,956)
Effect of foreign currency exchange differences	-	7,940	2,719	48	64	760	454	11,985
Balance at September 30, 2022	<u>\$ 1,016,441</u>	<u>\$ 1,470,926</u>	<u>\$ 356,801</u>	<u>\$ 4,379</u>	<u>\$ 33,290</u>	<u>\$ 111,466</u>	<u>\$ 135,898</u>	<u>\$ 3,129,201</u>
Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ 7,694	\$ 575,666	\$ 146,250	\$ 2,985	\$ 15,430	\$ 41,481	\$ 42,994	\$ 832,500
Depreciation expense	-	17,261	53,646	641	5,616	15,061	16,613	108,838
Disposals	-	(3,373)	(38,334)	-	(4,980)	(2,241)	(2,087)	(51,015)
Acquisitions through business combination	-	2,411	5,835	-	-	-	515	8,761
Reclassification	-	-	(1,117)	-	(8)	-	-	(1,125)
Effect of foreign currency exchange differences	-	2,242	2,204	34	63	513	221	5,277
Balance at September 30, 2022	<u>\$ 7,694</u>	<u>\$ 594,207</u>	<u>\$ 168,484</u>	<u>\$ 3,660</u>	<u>\$ 16,121</u>	<u>\$ 54,814</u>	<u>\$ 58,256</u>	<u>\$ 903,236</u>
Carrying amount at September 30, 2022	<u>\$ 1,008,747</u>	<u>\$ 876,719</u>	<u>\$ 188,317</u>	<u>\$ 719</u>	<u>\$ 17,169</u>	<u>\$ 56,652</u>	<u>\$ 77,642</u>	<u>\$ 2,225,965</u>

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 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

	September 30, 2022	December 31, 2021	September 30, 2021	
<u>Carrying amounts</u>				
Buildings	\$ 297,003	\$ 219,158	\$ 240,954	
Machinery	31,991	53,592	57,961	
Transportation equipment	<u>7,894</u>	<u>3,905</u>	<u>2,009</u>	
	<u>\$ 336,888</u>	<u>\$ 276,655</u>	<u>\$ 300,924</u>	
	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Additions to right-of-use assets	<u>\$ 22,362</u>	<u>\$ 37,768</u>	<u>\$ 212,530</u>	<u>\$ 133,075</u>
Depreciation charge for right-of-use assets				
Buildings	\$ 35,522	\$ 33,541	\$ 103,697	\$ 94,239
Machinery	8,450	8,537	25,395	27,526
Transportation equipment	<u>782</u>	<u>208</u>	<u>1,733</u>	<u>593</u>
	<u>\$ 44,754</u>	<u>\$ 42,286</u>	<u>\$ 130,825</u>	<u>\$ 122,358</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 nine months ended September 30, 2022 and 2021.

b. Lease liabilities

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Carrying amounts</u>			
Current	<u>\$ 141,136</u>	<u>\$ 134,442</u>	<u>\$ 138,651</u>
Non-current	<u>\$ 201,595</u>	<u>\$ 146,168</u>	<u>\$ 165,999</u>

Range of discount rate for lease liabilities was as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
Buildings	1.00%-5.00%	1.00%-5.00%	1.00%-5.00%
Machinery	1.00%-1.25%	1.00%-1.25%	1.00%-1.25%
Transportation equipment	1.00%-1.22%	1.00%-1.25%	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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Expenses relating to short-term leases and low-value asset leases	<u>\$ 15,854</u>	<u>\$ 13,311</u>	<u>\$ 41,305</u>	<u>\$ 41,563</u>
Total cash outflow for leases	<u>\$ 61,183</u>	<u>\$ 56,541</u>	<u>\$ 173,703</u>	<u>\$ 168,736</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 amounts of lease commitments for which the recognition exemption was applied were \$6,503 thousand and \$6,928 thousand as of September 30, 2022 and 2021, respectively.

17. BANK LOANS

a. Short-term loans

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured loans	\$ 2,001,622	\$ 886,270	\$ 1,779,400
Secured loans			
Bank secured loans	602,124	367,724	383,181
Leasing company's inventory sales and repurchase financing	<u>9,240</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,612,986</u>	<u>\$ 1,253,994</u>	<u>\$ 2,162,581</u>
Annual interest rate			
Unsecured loans	1.25%-2.48%	1.00%-1.90%	0.86%-1.50%
Secured loans			
Bank secured loans	1.80%-4.25%	4.00%	4.00%-4.15%
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

	September 30, 2022	December 31, 2021	September 30, 2021
Secured loans	\$ 117,174	\$ 93,471	\$ 94,931
Less: Current portion	<u>(9,822)</u>	<u>(5,893)</u>	<u>(5,872)</u>
	<u>\$ 107,352</u>	<u>\$ 87,578</u>	<u>\$ 89,059</u>
Annual interest rate			
Secured loans	1.40%-2.06%	1.40%-1.68%	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

	September 30, 2022	December 31, 2021	September 30, 2021
Unsecured domestic bonds	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Less: Discount on bonds payable	<u>(4,882)</u>	<u>(5,558)</u>	<u>(5,782)</u>
	<u>\$ 2,995,118</u>	<u>\$ 2,994,442</u>	<u>\$ 2,994,218</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

For the three months and nine months ended September 30, 2022 and 2021, the pension expenses of defined benefit plans were \$550 thousand, \$542 thousand, \$1,657 thousand and \$1,632 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2021 and 2020, respectively.

20. EQUITY

a. Share capital

	September 30, 2022	December 31, 2021	September 30, 2021
Number of shares authorized (in thousands)	<u>400,000</u>	<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>	<u>\$ 4,000,000</u>
Number of shares issued (in thousands)	<u>272,393</u>	<u>269,393</u>	<u>269,393</u>
Share capital issued	<u>\$ 2,723,933</u>	<u>\$ 2,693,933</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.

b. Capital surplus

	September 30, 2022	December 31, 2021	September 30, 2021
<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	\$ 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	194,515	1,858	1,869
Donations	544	544	544
Treasury share transactions	2,052,062	1,945,013	1,945,013

(Continued)

	September 30, 2022	December 31, 2021	September 30, 2021
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interest in subsidiaries (2)	\$ 3,221	\$ 7,060	\$ 6,259
Share of changes in associates accounted for using the equity method	7,030	5,866	5,381
Gain on sale of property, plant and equipment	4,493	4,493	4,493
<u>May not be used for any purpose</u>			
Employee restricted shares	<u>189,300</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,877,137</u>	<u>\$ 6,606,321</u>	<u>\$ 6,605,046</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:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2021	2020
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).

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

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ (692,016)	\$ (581,485)
Exchange differences on translation of foreign operations	487,528	(93,045)
Share of associates accounted for using the equity method	<u>15,880</u>	<u>(936)</u>
Balance at September 30	<u>\$ (188,608)</u>	<u>\$ (675,466)</u>

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

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ (37,108)	\$ (187,226)
Recognized for the period		
Unrealized gain on equity investments	20,246	226,028
Share of associates accounted for using the equity method	(2,327)	(29,063)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(21,124)</u>
Balance at September 30	<u>\$ (19,189)</u>	<u>\$ (11,385)</u>

3) Unearned employee benefits

	For the Nine Months Ended September 30, 2022
Balance at January 1	\$ -
Issuance of shares	(219,300)
Share-based payment expenses recognized	<u>11,117</u>
Balance at September 30	<u>\$ (208,183)</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 Period	Decrease During the Period	Number of Shares at September 30
<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 end of reporting period were as follows:

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Hanmore</u>			
Share (in thousands)	<u>21,317</u>	<u>21,317</u>	<u>21,317</u>
Investment cost	<u>\$ 738,426</u>	<u>\$ 755,480</u>	<u>\$ 755,480</u>
Market value	<u>\$ 1,481,509</u>	<u>\$ 1,807,654</u>	<u>\$ 1,865,209</u>
<u>Ching Pu</u>			
Share (in thousands)	<u>10,982</u>	<u>10,982</u>	<u>10,982</u>
Investment cost	<u>\$ 237,308</u>	<u>\$ 246,093</u>	<u>\$ 246,093</u>
Market value	<u>\$ 763,213</u>	<u>\$ 931,229</u>	<u>\$ 960,879</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 September 30, 2022, December 31, 2021 and September 30, 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

	For the Nine Months Ended September 30	
	2022	2021
Balance at January 1	\$ 307,828	\$ 140,324
Attributable to non-controlling interests:		
Share of profit for the period	24,985	4,592
Exchange differences on translation of foreign operations	8,398	(1,177)
Non-controlling interests arising from acquisition of subsidiaries (Note 25)	112,771	104,511
Equity transactions with non-controlling interests (Note 26)	45,937	35,015
Cash dividends received from subsidiaries	(61,347)	(53,106)
Non-controlling interests arising from cash dividends received by subsidiary (Hanmore) from the Corporation	54,441	54,441
Changes in percentage of ownership interests in subsidiaries	3,838	2,318
Issuance of shares for cash by subsidiaries	49,089	-
Return of shares in the liquidation of subsidiaries	(787)	-
Adjustments relating to changes in capital surplus of associates accounted for using the equity method	<u>-</u>	<u>1,191</u>
Balance at September 30	<u>\$ 545,153</u>	<u>\$ 288,109</u>

21. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 6,860,842	\$ 6,175,013	\$ 18,967,628	\$ 17,072,477
Revenue from the rendering of services	1,667,833	1,591,334	4,938,102	4,829,548
Other operating revenue	<u>17,879</u>	<u>15,413</u>	<u>51,917</u>	<u>49,769</u>
	<u>\$ 8,546,554</u>	<u>\$ 7,781,760</u>	<u>\$ 23,957,647</u>	<u>\$ 21,951,794</u>

Contract Balances

	September 30, 2022	December 31, 2021	September 30, 2021
Notes and accounts receivable	<u>\$ 5,708,373</u>	<u>\$ 4,856,074</u>	<u>\$ 5,102,452</u>
Contract liabilities	<u>\$ 1,918,099</u>	<u>\$ 1,545,903</u>	<u>\$ 1,453,830</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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Property, plant and equipment	\$ 39,441	\$ 33,514	\$ 108,838	\$ 99,263
Right-of-use assets	44,754	42,286	130,825	122,358
Intangible assets	<u>11,133</u>	<u>12,640</u>	<u>29,216</u>	<u>36,446</u>
	<u>\$ 95,328</u>	<u>\$ 88,440</u>	<u>\$ 268,879</u>	<u>\$ 258,067</u>
An analysis of depreciation by function				
Operating costs	\$ 20,849	\$ 21,739	\$ 62,006	\$ 67,487
Operating expenses	<u>63,346</u>	<u>54,061</u>	<u>177,657</u>	<u>154,134</u>
	<u>\$ 84,195</u>	<u>\$ 75,800</u>	<u>\$ 239,663</u>	<u>\$ 221,621</u>
An analysis of amortization by function				
Operating costs	\$ 223	\$ 236	\$ 670	\$ 714
Operating expenses	<u>10,910</u>	<u>12,404</u>	<u>28,546</u>	<u>35,732</u>
	<u>\$ 11,133</u>	<u>\$ 12,640</u>	<u>\$ 29,216</u>	<u>\$ 36,446</u>

b. Employee benefits expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Post-employment benefits				
Defined contribution plans	\$ 55,021	\$ 49,477	\$ 158,617	\$ 144,550
Defined benefit plans (Note 19)	<u>550</u>	<u>542</u>	<u>1,657</u>	<u>1,632</u>
	55,571	50,019	160,274	146,182
Compensation cost of share-based payment	11,117	-	11,117	-
Payroll	1,064,553	917,974	3,000,705	2,716,265
Labor and health insurance	84,922	76,892	257,233	236,917
Other employee benefits	<u>46,604</u>	<u>36,249</u>	<u>132,047</u>	<u>116,816</u>
	<u>\$ 1,262,767</u>	<u>\$ 1,081,134</u>	<u>\$ 3,561,376</u>	<u>\$ 3,216,180</u>
An analysis of employee benefits expenses by function				
Operating costs	\$ 57,927	\$ 47,377	\$ 158,250	\$ 144,927
Operating expenses	<u>1,204,840</u>	<u>1,033,757</u>	<u>3,403,126</u>	<u>3,071,253</u>
	<u>\$ 1,262,767</u>	<u>\$ 1,081,134</u>	<u>\$ 3,561,376</u>	<u>\$ 3,216,180</u>

As of September 30, 2022 and 2021, the Group had 4,363 and 4,109 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 the remuneration of directors for the three months and nine months ended September 30, 2022 and 2021 are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
	Cash	Cash	Cash	Cash
Compensation of employees	\$ 10,395	\$ 7,264	\$ 25,491	\$ 34,522
Remuneration of directors	6,930	4,843	16,994	23,015

The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020 that were resolved by the Corporation's board of directors on February 23, 2022 and February 24, 2021, respectively, are as shown below:

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Compensation of employees	\$ 38,635	\$ 53,241
Remuneration of directors	25,756	35,494

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 years ended December 31, 2021 and 2020.

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

d. (Loss) gain on sale of investments, net

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
	Disposal of financial assets at FVTPL	<u>\$ (431)</u>	<u>\$ 798</u>	<u>\$ 1,526</u>

23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expenses are as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Current tax				
In respect of the current period	\$ 63,212	\$ 62,538	\$ 199,619	\$ 199,203
Additional income tax on unappropriated earnings	249	(3,681)	4,675	593
Additional income tax under the Alternative Minimum Tax Act	(580)	-	4,951	-
Enterprise income tax on securities	-	-	-	19,201
Land value increment tax	-	-	240	-
Adjustments for prior years' tax	<u>83</u>	<u>1,195</u>	<u>(1,144)</u>	<u>4,541</u>
	<u>62,964</u>	<u>60,052</u>	<u>208,341</u>	<u>223,538</u>
Deferred tax				
In respect of the current period	(1,012)	(120)	4,411	(18,159)
Adjustments for prior years' tax	<u>-</u>	<u>39</u>	<u>(240)</u>	<u>(8,320)</u>
	<u>(1,012)</u>	<u>(81)</u>	<u>4,171</u>	<u>(26,479)</u>
Income tax expense recognized in profit or loss	<u>\$ 61,952</u>	<u>\$ 59,971</u>	<u>\$ 212,512</u>	<u>\$ 197,059</u>

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 assessments

Income tax returns through 2020 and undistributed earnings through 2019 of the Corporation, SSSC, Nexsys, CSMC, Ching Pu, TEDP, Hanmore, GBC, Naturint, Syswiser, Syslink, Smartsys, Softmobile, Syscore, E-service, Taifon, Syspower, Systex Solutions, Top Information, TIST, Dawning, 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:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
<u>Net income for the period</u>				
Net income for the period attributable to owners of the Corporation	<u>\$ 313,729</u>	<u>\$ 230,487</u>	<u>\$ 784,485</u>	<u>\$ 1,070,589</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	247,983	247,983
Effect of potentially dilutive ordinary shares:				
Compensation of employees	<u>367</u>	<u>395</u>	<u>458</u>	<u>519</u>
Weighted average number of ordinary shares in the computation of diluted earnings per share	<u>248,350</u>	<u>248,378</u>	<u>248,441</u>	<u>248,502</u>
<u>Earnings per share (NT\$)</u>				
Basic earnings per share	<u>\$1.26</u>	<u>\$0.93</u>	<u>\$3.16</u>	<u>\$4.32</u>
Diluted earnings per share	<u>\$1.26</u>	<u>\$0.93</u>	<u>\$3.16</u>	<u>\$4.31</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:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
<u>Net income for the period</u>				
Net income for the period attributable to owners of the Corporation	<u>\$ 403,650</u>	<u>\$ 337,536</u>	<u>\$ 874,406</u>	<u>\$ 1,177,638</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	269,393	269,393
Effect of potentially dilutive ordinary shares:				
Compensation of employees	<u>367</u>	<u>395</u>	<u>458</u>	<u>519</u>
Weighted average number of ordinary shares in the computation of pro forma diluted earnings per share	<u>269,760</u>	<u>269,788</u>	<u>269,851</u>	<u>269,912</u>
<u>Earnings per share (NT\$)</u>				
Basic earnings per share	<u>\$1.50</u>	<u>\$1.25</u>	<u>\$3.24</u>	<u>\$4.37</u>
Diluted earnings per share	<u>\$1.50</u>	<u>\$1.25</u>	<u>\$3.24</u>	<u>\$4.36</u>

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 September 30, 2022, the RSAs are not vested.

For the nine months ended September 30, 2022, the compensation cost recognized on the RSAs was \$11,117 thousand.

26. BUSINESS COMBINATIONS

- a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)
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

	Docutek Solutions	Dawning
Cash	<u>\$ 286,000</u>	<u>\$ 166,594</u>

c. Assets acquired and liabilities assumed at the date of acquisition

	Docutek Solutions	Dawning
Current assets		
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
Non-current assets		
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
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>

The initial accounting for the acquisition of Docutek Solutions was only provisionally determined at the end of the period.

d. Goodwill recognized on acquisitions

	Docutek Solutions	Dawning
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

	Docutek Solutions	Dawning
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.

	Amount
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.

	Amount
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.

	Amount
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.

	Amount
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

September 30, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 206,132	\$ -	\$ -	\$ 206,132
Unlisted shares	-	-	1,740,370	1,740,370
Unlisted preferred shares	-	-	88,324	88,324
Mutual funds	1,961,610	-	-	1,961,610
Others	<u>-</u>	<u>-</u>	<u>117,778</u>	<u>117,778</u>
	<u>\$ 2,167,742</u>	<u>\$ -</u>	<u>\$ 1,946,472</u>	<u>\$ 4,114,214</u>
Financial assets at FVTOCI				
Listed shares	\$ 203,073	\$ -	\$ -	\$ 203,073
Unlisted shares	-	-	258,414	258,414
Unlisted preferred shares	<u>-</u>	<u>-</u>	<u>59,055</u>	<u>59,055</u>
	<u>\$ 203,073</u>	<u>\$ -</u>	<u>\$ 317,469</u>	<u>\$ 520,542</u>

December 31, 2021

	Level 1	Level 2	Level 3	Total
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>

September 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 179,557	\$ -	\$ -	\$ 179,557
Unlisted shares	-	-	1,569,356	1,569,356
Unlisted preferred shares	-	-	92,744	92,744
Mutual funds	4,409,535	-	-	4,409,535
Others	<u>-</u>	<u>-</u>	<u>102,436</u>	<u>102,436</u>
	<u>\$ 4,589,092</u>	<u>\$ -</u>	<u>\$ 1,764,536</u>	<u>\$ 6,353,628</u>
Financial assets at FVTOCI				
Unlisted shares	\$ -	\$ -	\$ 267,275	\$ 267,275
Unlisted preferred shares	<u>-</u>	<u>-</u>	<u>10,026</u>	<u>10,026</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,301</u>	<u>\$ 277,301</u>

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2022 and 2021.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the nine months ended September 30, 2022

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Equity Instruments	Equity Instruments	
Balance at January 1	\$ 1,700,303	\$ 301,551	\$ 2,001,854
Recognized in profit or loss	261,102	-	261,102
Recognized in other comprehensive income	-	30,786	30,786
Purchases	-	23,030	23,030
Capital reduction	(24,288)	(73,211)	(97,499)
Net exchange differences	<u>9,355</u>	<u>35,313</u>	<u>44,668</u>
Balance at September 30	<u>\$ 1,946,472</u>	<u>\$ 317,469</u>	<u>\$ 2,263,941</u>
Unrealized gain for the current period recognized in profit or loss relating to assets held at the end of the period	<u>\$ 261,102</u>		<u>\$ 261,102</u>

For the nine months ended September 30, 2021

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Equity Instruments	Equity Instruments	
Balance at January 1	\$ 1,575,388	\$ 169,565	\$ 1,744,953
Recognized in profit or loss	122,290	-	122,290
Recognized in other comprehensive income	-	86,831	86,831
Purchases	71,134	25,104	96,238
Issuance of cash from capital surplus	(477)	-	(477)
Capital reduction	(3,365)		(3,365)
Net exchange differences	<u>(434)</u>	<u>(4,199)</u>	<u>(4,633)</u>
Balance at September 30	<u>\$ 1,764,536</u>	<u>\$ 277,301</u>	<u>\$ 2,041,837</u>
Unrealized gain for the current period recognized in profit or loss relating to assets held at the end of the period	<u>\$ 122,290</u>		<u>\$ 122,290</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 stock 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

	September 30, 2022	December 31, 2021	September 30, 2021
<u>Financial assets</u>			
FVTPL	\$ 4,114,214	\$ 6,264,532	\$ 6,353,628
Amortized cost (1)	11,915,352	10,590,195	10,461,633
FVTOCI	520,542	301,551	277,301
<u>Financial liabilities</u>			
Amortized cost (2)	11,483,504	10,185,561	10,305,453

- 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.

	For the Nine Months Ended September 30	
	2022	2021
Increase/decrease	\$ 29,626	\$ 106,937

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.

	September 30, 2022	December 31, 2021	September 30, 2021
Fair value interest rate risk			
Financial assets	\$ 1,440,561	\$ 884,580	\$ 842,059
Financial liabilities	5,608,104	4,248,436	5,461,449
Cash flow interest rate risk			
Financial assets	4,033,366	4,067,664	3,833,746
Financial liabilities	117,174	93,471	94,931

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:

	For the Nine Months Ended September 30	
	2022	2021
Increase/decrease	\$ 2,937	\$ 2,804

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:

	For the Nine Months Ended September 30	
	2022	2021
Pre-tax net income		
Increase/decrease	\$ 205,711	\$ 317,681
Other comprehensive income		
Increase/decrease	26,027	13,865

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 because these assets do not have quoted market prices in an active market.

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

(Continued)

Related Parties	Relationship with the Group
Shengsen Cloud Technology	Associate
Frog-jump Information Co., Ltd.	Associate
Dawning Technology Inc.	Associate (1)
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
Docutek Solutions (Shanghai), Inc.	Other related party (2)
Green World FinTech Service Co., Ltd.	Director of subsidiary (3)
Ms. Luo	Director of subsidiary (4)
Mr. Hsieh	Director of subsidiary

(Concluded)

Note 1: Dawning Technology Inc. has become a subsidiary to the Group since January 2021.

Note 2: Docutek Solutions (Shanghai), Inc. has become a related party to the Group since August 2022.

Note 3: Green World FinTech Service Co., Ltd. has become a related party to the Group since June 2022.

Note 4: Ms. Luo was no longer a related party to the Group since February 2021.

b. Operating revenue

Line Items	Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2022	2021	2022	2021
Sales	Associates	<u>\$ 47,350</u>	<u>\$ 28,902</u>	<u>\$ 138,062</u>	<u>\$ 99,300</u>
	Director of subsidiary	<u>\$ 597</u>	<u>\$ -</u>	<u>\$ 953</u>	<u>\$ -</u>
Service revenue	Associates	<u>\$ 1,027</u>	<u>\$ 2,207</u>	<u>\$ 5,217</u>	<u>\$ 4,862</u>
	Director of subsidiary	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ -</u>
Other operating revenue	Associates	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 91</u>
	Director of subsidiary	<u>\$ 136</u>	<u>\$ -</u>	<u>\$ 179</u>	<u>\$ -</u>

c. Purchases

Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Associates	<u>\$ 15,283</u>	<u>\$ 9,980</u>	<u>\$ 30,772</u>	<u>\$ 35,894</u>

d. Receivables from related parties

Line Items	Related Party Categories	September 30, 2022	December 31, 2021	September 30, 2021
Accounts receivable	Associates	<u>\$ 83,533</u>	<u>\$ 49,905</u>	<u>\$ 65,708</u>
	Other related party	<u>\$ 2,783</u>	<u>\$ -</u>	<u>\$ -</u>
	Director of subsidiary	<u>\$ 152</u>	<u>\$ -</u>	<u>\$ -</u>
Lease receivables - current (included in other current assets)	Director of subsidiary	<u>\$ 1,085</u>	<u>\$ -</u>	<u>\$ -</u>
Lease receivables - non-current (included in other non-current assets)	Director of subsidiary	<u>\$ 1,840</u>	<u>\$ -</u>	<u>\$ -</u>

e. Payables to related parties

Line Items	Related Party Categories	September 30, 2022	December 31, 2021	September 30, 2021
Payables to related parties	Associates	<u>\$ 17,732</u>	<u>\$ 21,776</u>	<u>\$ 18,017</u>
Other payables	Director of subsidiary	<u>\$ 9,402</u>	<u>\$ 9,402</u>	<u>\$ 9,402</u>

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. Disposal of property, plant and equipment

Related Party Categories	Disposal Consideration For the Nine Months Ended September 30		Gain on Disposal For the Nine Months Ended September 30	
	2022	2021	2022	2021
Other related party	<u>\$ -</u>	<u>\$ 1,619</u>	<u>\$ -</u>	<u>\$ 62</u>

g. Other transactions with related parties

Line Items	Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2022	2021	2022	2021
Service cost	Associates	\$ 6,036	\$ 5,386	\$ 16,093	\$ 16,120
Operating expenses	Associates	\$ 1,473	\$ 592	\$ 3,550	\$ 853
Other income	Associates	\$ -	\$ 56	\$ -	\$ 167

h. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2022	2021	2022	2021
Short-term employee benefits	\$ 32,684	\$ 24,719	\$ 94,767	\$ 88,451
Post-employment benefits	698	1,006	2,130	3,223
Termination benefits	960	-	960	-
Share-based payment	8,947	-	8,947	-
	<u>\$ 43,289</u>	<u>\$ 25,725</u>	<u>\$ 106,804</u>	<u>\$ 91,674</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.:

	September 30, 2022	December 31, 2021	September 30, 2021
Property, plant and equipment - land and buildings, net	\$ 437,879	\$ 346,888	\$ 346,312
Pledged time deposits - current (included in other financial assets - current)	390,476	241,079	203,389
Pledged time deposits - non-current (included in other financial assets - non-current)	105,585	143,501	138,670
The shares of the Corporation (Note)	<u>347,500</u>	<u>424,000</u>	<u>437,500</u>
	<u>\$ 1,281,440</u>	<u>\$ 1,155,468</u>	<u>\$ 1,125,871</u>

Note: Hanmore pledged 5,000 thousand shares of the Corporation as of September 30, 2022, December 31, 2021 and September 30, 2021, and it was eliminated on consolidation.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Group as of September 30, 2022, December 31, 2021 and September 30, 2021 were as follows:

- a. Unused letters of credit of the Group in aggregate amount were as follows:

September 30, 2022	December 31, 2021	September 30, 2021
<u>\$ 653</u>	<u>\$ 695</u>	<u>\$ 678</u>

- b. Outstanding sales contracts of the Group in the amount were as follows:

September 30, 2022	December 31, 2021	September 30, 2021
<u>\$ 17,183,669</u>	<u>\$ 12,582,510</u>	<u>\$ 14,434,315</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 September 30, 2022, the Group's assets in the trust account amounted to \$115,612 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:

September 30, 2022

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 25,956	31.75	\$ 824,103
RMB	11,198	4.47	50,077
Non-monetary items			
Financial assets at FVTPL			
HKD	10,765	4.04	43,533
<u>Financial liabilities</u>			
Monetary items			
USD	8,871	31.75	281,654

December 31, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<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

September 30, 2021

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 79,588	27.85	\$ 2,216,526
RMB	11,183	4.29	48,023
Non-monetary items			
Financial assets at FVTPL			
HKD	14,114	3.58	50,473
<u>Financial liabilities</u>			
Monetary items			
USD	4,516	27.85	125,771

For the three months and nine months ended September 30, 2022 and 2021, realized and unrealized net foreign exchange gains were \$16,078 thousand, \$3,405 thousand, \$20,833 thousand and \$13,493 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 service 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.

	Financial Business Integration	Consumer Market Integration	Digital Ecosystem Integration	Commercial Software Service Integration	China Group	Investment Department	Adjustment and Elimination	Total
For the nine months ended <u>September 30, 2022</u>								
Sales to customers	\$ 3,428,840	\$ 3,842,410	\$ 5,339,830	\$ 6,963,163	\$ 4,383,404	\$ -	\$ -	\$ 23,957,647
Sales to other segments	<u>489,404</u>	<u>86,632</u>	<u>594,991</u>	<u>462,642</u>	<u>539,696</u>	-	<u>(2,173,365)</u>	-
Total sales	<u>\$ 3,918,244</u>	<u>\$ 3,929,042</u>	<u>\$ 5,934,821</u>	<u>\$ 7,425,805</u>	<u>\$ 4,923,100</u>	-	<u>\$ (2,173,365)</u>	<u>\$ 23,957,647</u>
Segment income (loss)	<u>\$ 272,819</u>	<u>\$ 302,135</u>	<u>\$ 232,981</u>	<u>\$ 548,327</u>	<u>\$ 79,813</u>	<u>\$ (89,942)</u>	-	\$ 1,346,133
Corporate general expenses								<u>(324,151)</u>
Income before income tax								<u>\$ 1,021,982</u>
Segment depreciation and amortization expenses	<u>\$ 39,545</u>	<u>\$ 23,285</u>	<u>\$ 62,128</u>	<u>\$ 7,770</u>	<u>\$ 31,535</u>	-		\$ 164,263
Non-segment depreciation and amortization expenses								<u>104,616</u>
Total depreciation and amortization expenses								<u>\$ 268,879</u>
Segment assets	<u>\$ 4,760,890</u>	<u>\$ 2,791,973</u>	<u>\$ 3,014,061</u>	<u>\$ 4,837,246</u>	<u>\$ 3,549,461</u>	<u>\$ 8,654,506</u>		\$ 27,608,137
General assets								<u>1,159,607</u>
Total assets								<u>\$ 28,767,744</u>
For the nine months ended <u>September 30, 2021</u>								
Sales to customers	\$ 3,118,357	\$ 2,976,357	\$ 4,979,282	\$ 6,775,642	\$ 4,102,156	\$ -	\$ -	\$ 21,951,794
Sales to other segments	<u>359,371</u>	<u>84,739</u>	<u>260,713</u>	<u>1,106,613</u>	<u>514,952</u>	-	<u>(2,326,388)</u>	-
Total sales	<u>\$ 3,477,728</u>	<u>\$ 3,061,096</u>	<u>\$ 5,239,995</u>	<u>\$ 7,882,255</u>	<u>\$ 4,617,108</u>	-	<u>\$ (2,326,388)</u>	<u>\$ 21,951,794</u>
Segment income	<u>\$ 280,788</u>	<u>\$ 218,695</u>	<u>\$ 173,856</u>	<u>\$ 514,687</u>	<u>\$ 70,349</u>	<u>\$ 332,085</u>	-	\$ 1,590,460
Corporate general expenses								<u>(318,220)</u>
Income before income tax								<u>\$ 1,272,240</u>
Segment depreciation and amortization expenses	<u>\$ 38,993</u>	<u>\$ 26,419</u>	<u>\$ 58,001</u>	<u>\$ 7,009</u>	<u>\$ 32,103</u>	-		\$ 162,525
Non-segment depreciation and amortization expenses								<u>95,542</u>
Total depreciation and amortization expenses								<u>\$ 258,067</u>
Segment assets	<u>\$ 3,705,817</u>	<u>\$ 2,532,248</u>	<u>\$ 2,801,248</u>	<u>\$ 3,362,300</u>	<u>\$ 2,483,923</u>	<u>\$ 9,953,844</u>		\$ 24,839,380
General assets								<u>1,661,066</u>
Total assets								<u>\$ 26,500,446</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.

36. SEPARATELY DISCLOSED ITEMS

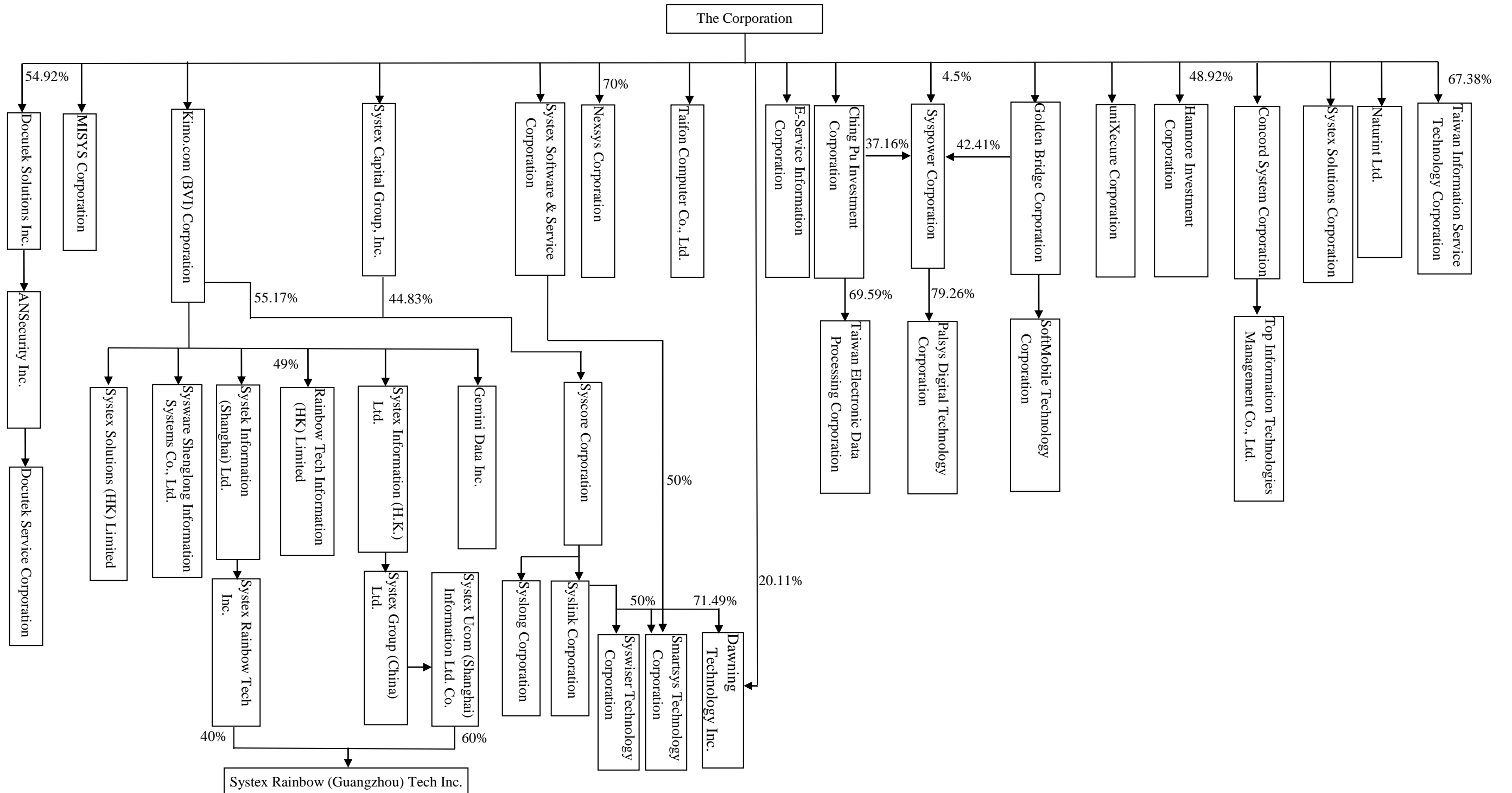
- a. Information on significant transactions and b. information on investees:
- 1) Financing provided to others (Table 2)
 - 2) Endorsements/guarantees provided (Table 3)
 - 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 4)
 - 4) Marketable 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)

TABLE 1

SYSTEX CORPORATION AND SUBSIDIARIES

**THE RELATIONSHIP AND PERCENTAGE OF OWNERSHIP OF COMPANIES IN THE GROUP
SEPTEMBER 30, 2022**



Note: Percentage of ownership is 100% unless noted on the chart.

SYSTEX CORPORATION AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 19)	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	Systex Corporation	Systex Software & Service Corporation	Receivables from related parties	Y	\$ 800,000	\$ 800,000	\$ 200,000	1.25	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,752,517	\$ 5,505,033	(Note 3)
		Systex Solutions Corporation	Receivables from related parties	Y	300,000	300,000	80,000	1.25	Short-term financing	-	Operating capital	-	-	-	2,752,517	5,505,033	(Note 4)
		Concord System Management Corporation	Receivables from related parties	Y	200,000	200,000	200,000	1.25	Short-term financing	-	Operating capital	-	-	-	2,752,517	5,505,033	(Note 5)
1	Systex Group (China) Ltd.	Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	135,276	134,160	13,416	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,752,517	5,505,033	(Note 6)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	225,460	223,600	93,912	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,752,517	5,505,033	(Note 7)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	22,546	22,360	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,752,517	5,505,033	(Note 8)
		Systex Ucom (Shanghai) Information Ltd. Co.	Receivables from related parties	Y	225,460	223,600	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,752,517	5,505,033	(Note 9)
2	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	270,552	268,320	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,752,517	5,505,033	(Note 10)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	45,092	44,720	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,752,517	5,505,033	(Note 11)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	45,092	44,720	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,752,517	5,505,033	(Note 12)
3	Systex Rainbow Tech Inc.	Systex Group (China) Ltd.	Receivables from related parties	Y	90,184	89,440	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,752,517	5,505,033	(Note 13)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	45,092	44,720	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,752,517	5,505,033	(Note 14)
4	Sysware Shenglong Information Systems Co., Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	45,092	44,720	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,752,517	5,505,033	(Note 15)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	45,092	44,720	42,484	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,752,517	5,505,033	(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	-	-	-	180,239	180,239	(Note 17)
6	Concord System Management Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	70,000	70,000	70,000	2.00	Business Relations	218,751	Operating capital	-	-	-	218,751	176,095	(Note 18)

Note 1: Loans to individual company shall not exceed 20% of the lender's net equity, except for 40% net equity of Syspower Corporation, and the amount of business relations between two companies of 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. The ending balance is NT\$800,000 thousand, including NT\$600,000 thousand which has not been withdrawn.

Note 4: The highest balance for the period is NT\$300,000 thousand. The ending balance is NT\$300,000 thousand, including NT\$220,000 thousand which has not been withdrawn.

Note 5: The highest balance for the period is NT\$200,000 thousand. The ending balance is NT\$200,000 thousand which has been withdrawn.

Note 6: The highest balance for the period is NT\$135,276 thousand (RMB30,000 thousand). The ending balance is NT\$134,160 thousand (RMB30,000 thousand), including NT\$120,744 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\$223,600 thousand (RMB50,000 thousand), including NT\$129,688 thousand (RMB29,000 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\$22,360 thousand (RMB5,000 thousand) which has not been withdrawn.

(Continued)

Note 9: The highest balance for the period is NT\$225,460 thousand (RMB50,000 thousand). The ending balance is NT\$223,600 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\$268,320 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\$44,720 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\$44,720 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\$89,440 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\$44,720 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\$44,720 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\$44,720 thousand (RMB10,000 thousand) which has been withdrawn, including NT\$2,236 thousand (RMB500 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 been withdrawn.

Note 19: 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 NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)**

No.	Endorser/Guarantor	Endorsee/Guarantee		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	Systex Corporation	Systex Information (HK) Ltd.	b	\$ 3,440,646	\$ 396,875	\$ 396,875	\$ 66,967	\$ -	2.88	\$ 6,881,292	Y	N	N	(Notes 2 and 3)
		Systex Group (China) Ltd.	b	3,440,646	1,802,180	1,802,180	509,247	-	13.09	6,881,292	Y	N	Y	(Notes 2 and 3)
		Systek Information (Shanghai) Ltd.	b	3,440,646	15,875	15,875	-	-	0.12	6,881,292	Y	N	Y	(Notes 2 and 3)
		Systex Rainbow Tech Inc.	b	3,440,646	47,625	47,625	-	-	0.35	6,881,292	Y	N	Y	(Notes 2 and 3)
		Systex Ucom (Shanghai) Information Ltd. Co.	b	3,440,646	135,276	134,160	64,260	-	0.97	6,881,292	Y	N	Y	(Notes 2 and 3)
		Systex Software & Service Corporation	b	3,440,646	1,000,000	1,000,000	494,590	-	7.27	6,881,292	Y	N	N	(Notes 2 and 3)
1	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	d	862,647	225,460	223,600	155,992	223,600	51.84	862,647	N	N	Y	(Notes 4 and 5)

Note 1: There are seven types of relationships between the endorser and the endorsed party.

- a. Companies that have business dealings.
- b. A company in which the company directly or indirectly holds more than 50% of the voting shares.
- c. Companies in which the company directly or indirectly holds more than 50% of the voting shares.
- d. Companies in which the company directly or indirectly holds more than 90% of the voting shares.
- e. A company that is mutually insured under a contract between peers or co-founders for the purpose of contracting for work.
- f. A company whose joint investment is guaranteed by all contributing shareholders in proportion to their shareholdings.
- g. 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
 SEPTEMBER 30, 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	September 30, 2022				Note	
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value		
Controlling company - System Corporation	<u>Ordinary shares</u>								
	GCH Systems		Financial assets at FVTPL - non-current	56,226	\$ -	0.74	\$ -		
	Taiwan Futures Exchange Corporation		"	15,718,664	1,382,092	3.28	1,382,092		
	Saho Corporation		"	795,895	-	1.79	-		
	Far Eastern Electronic Toll Collection Co., Ltd.		"	25,263,076	219,699	8.42	219,699		
	Sysjust Co., Ltd.		"	1,108,592	19,567	4.22	19,567		
	3Probe Technologies Co., Ltd.		"	300,000	1,886	6.42	1,886		
	Da Ho Marketing Co., Ltd.		"	1,260,000	10,616	14.63	10,616		
	Princo Co., Ltd.		"	808,415	-	0.20	-		
	Wegoluck Co., Ltd.		"	471,700	-	3.20	-		
	Yankey Inc.		"	150,000	-	3.57	-		
	Germini Data Inc.		"	3,404,000	-	1.54	-		
	Prudence Capital Management Co., Ltd.			Financial assets at FVTOCI - non-current	52,184	752	0.50	752	
	Alpha Core Philosophy Co., Ltd.			"	55,556	15,000	1.77	15,000	
	iSpan International Inc.			"	600,000	8,880	6.12	8,880	
	Firstweb Limited.			"	164,500	23,030	2.58	23,030	
		<u>Preference shares</u>							
		Gemini Data, Inc.		Financial assets at FVTOCI - non-current	7,720,167	-	3.50	-	
	<u>Mutual funds</u>								
	KGI EM Trend ETF Fund of Funds		Financial assets at FVTPL - current	300,000	2,112	-	2,112		
Subordinate company - Ching Pu Investment Corporation	<u>Ordinary shares</u>								
	System Corporation	Parent company	Financial assets at FVTOCI - non-current	10,981,476	763,213	4.03	763,213	(Note 2)	
	Castles Technology Co., Ltd.		Financial assets at FVTPL - current	2,761,148	158,766	2.77	158,766		
	Enova Technology Corp.		Financial assets at FVTPL - non-current	1,177,629	-	6.57	-		
	Princo Co., Ltd.		"	8,558,064	-	2.08	-		
	Sysjust Co., Ltd.		"	1,276,448	22,529	4.85	22,529		
	Jasper Display Corp.		"	28,964	-	0.04	-		
	Axtronics Inc.		"	64,063	-	0.37	-		
Universal Ec Inc.		"	111,829	-	0.22	-			
	Taiwan Electronic Packaging Co., Ltd.		"	326,000	-	0.54	-		

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	<u>Mutual funds</u>							
	Fuh Hwa Legend Fund VI		Financial assets at FVTPL - current	3,000,000	\$ 63,420	-	\$ 63,420	
	PGIM Prudential Financial Money Market Fund		"	1,115,017	17,879	-	17,879	
	Yuanta Taiwan High-Yield Leading Company Fund (A)		"	300,000	3,240	-	3,240	
	Yuanta Wan-Tai Money Market Fund		"	1,308,421	20,057	-	20,057	
	Pinebridge Taiwan Money Market Fund		"	581,717	8,037	-	8,037	
	<u>Ordinary shares</u>							
Subordinate company - Taiwan Information Service	Changzhou Xinguotai Information Equipment Co., Ltd.		Financial assets at FVTPL - non-current	80,000	-	13.11	-	
	Taione International Ltd.		"	630,000	-	4.50	-	
	Drpacific-Greater China, Inc.		"	-	-	5.06	-	
	<u>Mutual funds</u>							
Subordinate company - Golden Bridge Corporation	FSITC Money Market Fund		Financial assets at FVTPL - current	168,522	30,452	-	30,452	
	<u>Mutual funds</u>							
Subordinate company - Taifon Computer Co., Ltd.	FSITC Money Market Fund		Financial assets at FVTPL - current	332,641	60,109	-	60,109	
	Taishin Ta-Chong Money Market Fund		"	2,798,735	40,280	-	40,280	
	Hua Nan Phoenix Money Market Fund		"	2,578,672	42,488	-	42,488	
	<u>Mutual funds</u>							
Subordinate company - Softmobile Technology Corporation	Capital Money Market Fund		Financial assets at FVTPL - current	1,164,884	19,042	-	19,042	
	<u>Mutual funds</u>							
Subordinate company - Nexsys Corporation	Yuanta Wan Tai Money Market Fund		Financial assets at FVTPL - current	1,961,598	30,070	-	30,070	
	Jih Sun Money Market Fund		"	2,341,876	35,210	-	35,210	
	Yuanta De-Bao Money Market Fund		"	3,378,198	41,112	-	41,112	
	Yuanta De-Li Money Market Fund		"	3,460,325	57,182	-	57,182	
	<u>Ordinary shares</u>							
Subordinate company - Hanmore System Management Corporation	Systemex 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	9,196	4.68	9,196	
	Enova Technology Corp.		"	1,840,046	-	9.87	-	
	NITS Technology Inc.		"	3,910,646	-	5.83	-	
	<u>Mutual funds</u>							
	PineBridge Taiwan Market Fund		Financial assets at FVTPL - current	1,163,323	16,074	-	16,074	
	PineBridge Global ESG Quantitative Bond Fund A.		"	968,720	8,502	-	8,502	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - System Capital Group, Inc.	<u>Ordinary shares</u>							
	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	133	0.07	133	
	MagiCapital Fund II, L.P.		Financial assets at FVTOCI - non-current	-	209,410	2.91	209,410	
	<u>Preference shares</u>							
	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	47,625	16.11	47,625	
	<u>Other</u>							
	Current Ventures II Limited		Financial assets at FVTOCI - non-current	2,500,000	-	4.20	-	
	<u>Mutual funds</u>							
	GS Japan Equity Partners Portfolio Class P (ACC) (USD-HEDGED)		Financial assets at FVTPL - current	43,049	26,748	-	26,748	
	GS US Core SM Equity Portfolio P (ACC) (SNAP) Shares		"	37,202	31,253	-	31,253	
	GS GMS Global Equity Portfolio Mutual Fund		"	44,408	25,041	-	25,041	
	Wellington Strategic European Equity Portfolio D USD Acc (Hedged)		"	40,089	26,919	-	26,919	
	Unit Nomura Funds Ireland PLC A/US High Yield Bond		"	13,450	73,267	-	73,267	
	PIMCO Global High Yield Bond		"	145,719	109,511	-	109,511	
	RBC Funds (LUX) Global Equity Focus Fund A USD ACC		"	4,416	23,582	-	23,582	
	JSS USD HIGH YIELD FUND		"	9,589	35,552	-	35,552	
	BLACKROCK BGF CHINA A-SHARE OPPORTUNITIES CLASS A SHARES		"	32,816	11,201	-	11,201	
	GS Emerging Markets Broad Equity Portfolio (ACC) Shares		"	22,011	10,210	-	10,210	
	GS Multi-manager US Equity Mutual Fund		"	35,522	30,226	-	30,226	
	Goldman Sachs High Yield Floating Rate Portfolio Fund		"	7,257	30,138	-	30,138	
	BLACKROCK BGF CONTINENTAL EUROPEAN FLEXIBLE FUND		"	40,298	21,943	-	21,943	
	GS Multi-manager US Small Cap Equity Fund		"	52,469	20,341	-	20,341	
	GS Asia Equity Portfolio Fund		"	21,027	10,575	-	10,575	
	Vulcan Value Equity Fund USD Accumulating Class		"	3,002	13,223	-	13,223	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Naturint Corporation	<u>Mutual funds</u> Union Money Market Fund		Financial assets at FVTPL - current	1,147,614	\$ 15,358	-	\$ 15,358	
Subordinate company - Syscore Corporation	<u>Ordinary shares</u> Far Eastern Electronic Toll Collection Co., Ltd. Jetwell Computer Co., Ltd.		Financial assets at FVTPL - non-current Financial assets at FVTPL - current	7,716,831 72,000	67,109 3,701	2.57 0.18	67,109 3,701	
	<u>Preference shares</u> Taiwania Capital Buffalo Fund Preference Shares - Class A		Financial assets at FVTPL - non-current	92,600,000	88,324	2.15	88,324	
	<u>Limited partnership</u> Digital-Economy limited partnership		Financial assets at FVTPL - non-current	-	38,488	6.29	38,488	
	<u>Mutual funds</u> Allianz Global Investors Taiwan Money Market Fund Pinebridge Taiwan Money Market Securities Investment Trust Fund FSITC Global Artificial Intelligence Fund Allianz Us Low Average Duration High Yield Fund Yuanta Taiwan High-Yield Leading Company Fund A Fuh Hwa Legend Fund VI		Financial assets at FVTPL - current " " " " "	3,806,236 2,552,563 100,000 3,000,000 1,000,000 19,702,970	48,346 35,269 1,275 30,296 10,800 416,521	- - - - - -	48,346 35,269 1,275 30,296 10,800 416,521	
	<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	-	504,006	-	504,006	(Note 3)
Subordinate company - Syslink Corporation	<u>Mutual funds</u> Yuanta Taiwan High-yield Leading Company Fund (A)		Financial assets at FVTPL - current	200,000	2,160	-	2,160	
	<u>Ordinary shares</u> Onward Security Corporation Caloudi Corporation		Financial assets at FVTPL - non-current Financial assets at FVTOCI - non-current	6,630,000 600,000	7,676 1,342	11.02 10.71	7,676 1,342	
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	11,069 14,037	- -	11,069 14,037	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Smartsys Technology Corporation	<u>Mutual funds</u> UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	100,612	\$ 1,702	-	\$ 1,702	
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	55,278 50,307	- -	55,278 50,307	
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	21,987 21,545	- -	21,987 21,545	
	<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	26,419 9,582 9,171 29,485	- - - -	26,419 9,582 9,171 29,485	
	<u>Other</u> New Economy Ventures L.P.		Financial assets at FVTPL - non-current	-	79,290	15.86	79,290	
	<u>Preference shares</u> XREX Inc.		Financial assets at FVTOCI - non-current	254,148	11,430	0.96	11,430	
Subordinate company - Syslong Corporation	<u>Ordinary shares</u> Ennoconn Corporation		Financial assets at FVTOCI - non-current	1,066,000	203,073	1.01	203,073	
	<u>Mutual funds</u> Fubon Chi-Hsiang Money Market Fund		Financial assets at FVTPL - current	2,696,893	42,809	-	42,809	
Subordinate company - System Solutions Corporation	<u>Mutual funds</u> Union Money Market Fund Sinopac TWD Money Market Fund Yuanta Wan-Tai Money Market Fund		Financial assets at FVTPL - current " "	750,045 1,775,631 1,632,088	10,037 25,020 25,019	- - -	10,037 25,020 25,019	
Subordinate company - MISYS Corporation	<u>Mutual funds</u> TCB Money Market Fund		Financial assets at FVTPL - current	9,238,549	95,002	-	95,002	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Docutek Solutions, Inc.	<u>Mutual funds</u> JPMorgan Funds - US Technology Fund A (ACC)-USD		Financial assets at FVTPL - current	906	\$ 1,652	-	\$ 1,652	

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 \$4,006 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 NINE MONTHS ENDED SEPTEMBER 30, 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	Carrying Amount	Gain on Disposal	Number of Shares	Amount (Note 1)
Controlling company - Systex Corporation	<u>Mutual funds</u>													
	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	\$ 627,010	\$ 160	-	\$ -
	Yuanta De-Li Money Market Fund	Financial assets at FVTPL - current	-	-	14,578,709	240,034	11,226,846	185,000	25,805,555	425,311	425,034	277	-	-
	FSITC Money Market Fund	Financial assets at FVTPL - current	-	-	527,166	95,000	2,328,491	420,000	2,855,657	515,155	515,000	155	-	-
	UPAMC James Bond Money Market Fund	Financial assets at FVTPL - current	-	-	8,896,596	150,053	11,249,666	190,000	20,146,262	340,485	340,053	432	-	-
Subordinate company - Systex Software & Service Corporation	<u>Mutual funds</u>													
	Taishin Ta-Chong Money Market Fund	Financial assets at FVTPL - current	-	-	4,878,151	70,000	16,006,711	230,000	20,884,862	300,132	300,000	132	-	-
	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	519,997	161	-	-
	Sinopac TWD Money Market Fund	Financial assets at FVTPL - current	-	-	7,120,833	100,000	28,450,172	400,000	35,571,005	500,233	500,000	233	-	-
Subordinate company - Kimo.com (BVI) Corporation	<u>Mutual funds</u>													
	Syscore Corporation	Investments accounted for using equity method	-	Subsidiary	100,000,000	1,000,000	60,000,000	600,000	-	-	-	-	160,000,000	1,600,000 (Note 2)
Subordinate company - Systex Capital Group, Inc.	<u>Mutual funds</u>													
	Syscore Corporation	Investments accounted for using equity method	-	Subsidiary	100,000,000	1,000,000	30,000,000	300,000	-	-	-	-	130,000,000	1,300,000 (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 NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)**

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 2)	% of Total
Controlling company - Systex Corporation	Systex Software & Service Corporation	Subsidiary	Purchase	\$ 397,489	12	78 days after transaction month	\$ -	-	\$ (189,884)	14
	Dawning Technology Inc.	Subsidiary	Purchase	118,871	4	78 days after transaction month	-	-	(26,805)	2
	Docutek Solutions, Inc.	Subsidiary	Purchase	216,567	6	78 days after transaction month	-	-	(612)	-
Subordinate company - Systex Software & Service Corporation	Systex Corporation	Parent company	Sale	(397,489)	6	78 days after transaction month	-	-	189,884	14
Subordinate company - Dawning technology Inc.	Systex Corporation	Parent company	Sale	(118,871)	4	78 days after transaction month	-	-	26,805	3
Subordinate company - Docutek Solutions, Inc.	Systex Corporation	Parent company	Sale	(216,567)	97	78 days after transaction month	-	-	612	2
Subordinate company - Concord System Management Corporation	Palsys Digital Technology Corporation	Associate	Purchase	125,885	11	78 days after transaction month	-	-	(88,870)	23
Subordinate company - Palsys Digital Technology Corporation	Concord System Management Corporation	Associate	Sale	(125,885)	12	78 days after transaction month	-	-	88,870	34
Subordinate company - Systex Group (China) Ltd.	Systex Ucom (Shanghai) Information Ltd. Co.	Associate	Purchase	237,981	13	120 days after transaction month	-	-	(66,282)	11
Subordinate company - Systex Ucom (Shanghai) Information Ltd. Co.	Systex Group (China) Ltd.	Associate	Sale	(237,981)	88	120 days after transaction month	-	-	66,282	70
Subordinate company - Rainbow Tech Information (HK) Ltd.	Systex Information (HK) Ltd.	Associate	Purchase	145,209	78	30 days after transaction month	-	-	(34,639)	91
Subordinate company - Systex Information (HK) Ltd.	Rainbow Tech Information (HK) Ltd.	Associate	Sale	(145,209)	16	30 days after transaction month	-	-	34,639	11

Note: In preparing the consolidated financial statements, the transaction has been eliminated.

SYSTEX CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 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 - System Software & Service Corporation	System Corporation	Parent company (Note)	\$ 189,884	2.57	\$ -	-	\$ 165,955	\$ -

Note: In preparing the consolidated financial statements, the transaction has been eliminated.

SYSTEX CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			% of Total Sales or Assets (Note 3)
				Financial Statement Account	Amount	Payment Terms	
0	Systex Corporation	Systex Software & Service Corporation	a	Sales	\$ 85,313	Net 78 days	-
		Systex Software & Service Corporation	a	Interest revenue	1,130	Short-term financing, with a term of one year	-
		Systex Software & Service Corporation	a	Cost of goods sold	397,489	Net 78 days	2
		Systex Software & Service Corporation	a	Service cost	2,842	Net 78 days	-
		Systex Software & Service Corporation	a	Receivables from related parties	35,637	Net 78 days	-
		Systex Software & Service Corporation	a	Receivables from related parties (including interest receivables)	201,171	Short-term financing, with a term of one year	1
		Systex Software & Service Corporation	a	Payables to related parties	189,884	Net 78 days	1
		Syspower Corporation	a	Sales	18,742	Net 78 days	-
		Syspower Corporation	a	Service cost	19,905	Net 78 days	-
		Syspower Corporation	a	Receivables from related parties	10,708	Net 78 days	-
		Syspower Corporation	a	Payables to related parties	11,913	Net 78 days	-
		Concord System Management Corporation	a	Sales	63,410	Net 78 days	-
		Concord System Management Corporation	a	Interest revenue	1,718	Short-term financing, with a term of one year	-
		Concord System Management Corporation	a	Receivables from related parties	25,638	Net 78 days	-
		Concord System Management Corporation	a	Receivables from related parties (including interest receivables)	201,790	Short-term financing, with a term of one year	1
		Systex Solutions Corporation	a	Sales	19,345	Net 78 days	-
		Systex Solutions Corporation	a	Interest revenue	748	Short-term financing, with a term of one year	-
		Systex Solutions Corporation	a	Receivables from related parties	13,470	Net 78 days	-
		Systex Solutions Corporation	a	Receivables from related parties (including interest receivables)	80,789	Short-term financing, with a term of one year	-
		Softmobile Technology Corporation	a	Service cost	19,711	Net 78 days	-
		Softmobile Technology Corporation	a	Receivables from related parties	2,016	Net 78 days	-
		Softmobile Technology Corporation	a	Payables to related parties	12,312	Net 78 days	-
		Nexsys Corporation	a	Rent revenue	2,613	Net 78 days	-
		Nexsys Corporation	a	Service cost	14,118	Net 78 days	-
		Nexsys Corporation	a	Receivables from related parties	4,329	Net 78 days	-
		Nexsys Corporation	a	Payables to related parties	6,466	Net 78 days	-
		Taifon Computer Co., Ltd.	a	Sales	5,486	Net 78 days	-
		Taifon Computer Co., Ltd.	a	Receivables from related parties	4,743	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Sales	5,007	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Receivables from related parties	6,179	Net 78 days	-
		Dawning Technology Inc.	a	Cost of goods sold	118,871	Net 78 days	-
		Dawning Technology Inc.	a	Payables to related parties	26,805	Net 78 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	
		Palsys Digital Technology Corporation	a	Cost of goods sold	\$ 83,288	Net 78 days	-
		Palsys Digital Technology Corporation	a	Service cost	11,422	Net 78 days	-
		Palsys Digital Technology Corporation	a	Receivables from related parties	2,611	Net 78 days	-
		Palsys Digital Technology Corporation	a	Payables to related parties	34,192	Net 78 days	-
		UniXecure Corporation	a	Receivables from related parties	2,634	Net 78 days	-
		Docutek Solutions, Inc.	a	Cost of goods sold	216,567	Net 78 days	1
1	Systex Software & Service Corporation	Syspower Corporation	b	Cost of goods sold	7,789	Net 78 days	-
		Syspower Corporation	b	Payables to related parties	6,997	Net 78 days	-
		Systex Solutions Corporation	b	Sales	2,563	Net 78 days	-
		Systex Solutions Corporation	b	Payables to related parties	3,766	Net 78 days	-
		Softmobile Technology Corporation	b	Cost of goods sold	6,817	Net 78 days	-
		Softmobile Technology Corporation	b	Service cost	6,791	Net 78 days	-
		Softmobile Technology Corporation	b	Payables to related parties	13,656	Net 78 days	-
		Taifon Computer Co., Ltd.	b	Sales	2,908	Net 78 days	-
		Taifon Computer Co., Ltd.	b	Receivables from related parties	2,849	Net 78 days	-
		Dawning Technology Inc.	b	Cost of goods sold	53,938	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	27,217	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	29,940	Net 78 days	-
		Palsys Digital Technology Corporation	b	Service cost	6,805	Net 78 days	-
		Palsys Digital Technology Corporation	b	Payables to related parties	4,906	Net 78 days	-
		Systex Group (China) Ltd. (Systex China)	b	Sales	30,742	Net 90 days	-
		Systex Group (China) Ltd. (Systex China)	b	Receivables from related parties	25,336	Net 90 days	-
		Systex Rainbow Tech Inc.	b	Sales	12,105	Net 90 days	-
		Systex Rainbow Tech Inc.	b	Receivables from related parties	12,261	Net 90 days	-
		Systek Information (Shanghai) Ltd.	b	Sales	6,334	Net 90 days	-
		Systek Information (Shanghai) Ltd.	b	Receivables from related parties	4,536	Net 90 days	-
2	Syspower Corporation	Concord System Management Corporation	b	Sales	4,191	Net 78 days	-
		Systex Solutions Corporation	b	Service cost	3,531	Net 78 days	-
		Dawning Technology Inc.	b	Cost of goods sold	3,087	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	2,286	Net 78 days	-
		Naturint Corporation	b	Operating expenses	7,050	Net 78 days	-
		Palsys Digital Technology Corporation	b	Sales	4,851	Net 78 days	-
		Palsys Digital Technology Corporation	b	Interest revenue	2,220	Short-term financing, with a term of one year	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	6,168	Net 78 days	-
		Palsys Digital Technology Corporation	b	Service cost	17,818	Net 78 days	-
		Palsys Digital Technology Corporation	b	Receivables from related parties	5,093	Net 78 days	-
		Palsys Digital Technology Corporation	b	Receivables from related parties (including interest receivables)	161,070	Short-term financing, with a term of one year	1
		Palsys Digital Technology Corporation	b	Payables to related parties	2,311	Net 78 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	
3	Concord System Management Corporation	Dawning Technology Inc.	b	Cost of goods sold	\$ 3,902	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	2,063	Net 78 days	-
		Palsys Digital Technology Corporation	b	Interest revenue	965	Short-term financing, with a term of one year	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	125,885	Net 78 days	1
		Palsys Digital Technology Corporation	b	Service cost	57,492	Net 78 days	-
		Palsys Digital Technology Corporation	b	Receivables from related parties (including interest receivables)	70,595	Short-term financing, with a term of one year	-
		Palsys Digital Technology Corporation	b	Payables to related parties	88,870	Net 78 days	-
4	Systex Solutions Corporation	Dawning Technology Inc.	b	Cost of goods sold	16,402	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	9,849	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	49,592	Net 78 days	-
		Palsys Digital Technology Corporation	b	Service cost	2,062	Net 78 days	-
		UniXecure Corporation	b	Service cost	14,203	Net 78 days	-
		UniXecure Corporation	b	Payables to related parties	10,815	Net 78 days	-
5	Taifon Computer Co., Ltd.	Dawning Technology Inc.	b	Cost of goods sold	19,327	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	5,278	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	4,149	Net 78 days	-
6	Top Information Technologies Co., Ltd.	Palsys Digital Technology Corporation	b	Cost of goods sold	3,599	Net 78 days	-
7	Docutek Solutions, Inc.	Docutek Services Corporation	b	Service cost	2,121	Net 78 days	-
		Docutek Services Corporation	b	Payables to related parties	2,998	Net 78 days	-
8	Systex Group (China) Ltd.	System Rainbow Tech Inc.	b	Cost of goods sold	12,888	Net 120 days	-
		System Rainbow Tech Inc.	b	Service cost	2,797	Net 120 days	-
		System Rainbow Tech Inc.	b	Interest revenue	1,735	Short-term financing, with a term of one year	-
		System Rainbow Tech Inc.	b	Receivables from related parties	2,188	Net 120 days	-
		System Rainbow Tech Inc.	b	Receivables from related parties (including interest receivables)	93,912	Short-term financing, with a term of one year	-
		System Rainbow Tech Inc.	b	Payables to related parties	18,535	Net 120 days	-
		System Information (Shanghai) Ltd.	b	Interest revenue	441	Short-term financing, with a term of one year	-
		System Information (Shanghai) Ltd.	b	Receivables from related parties (including interest receivables)	13,416	Short-term financing, with a term of one year	-
		System Ucom (Shanghai) Information Ltd. Co.	b	Sales	24,176	Net 120 days	-
		System Ucom (Shanghai) Information Ltd. Co.	b	Cost of goods sold	237,981	Net 120 days	1
		System Ucom (Shanghai) Information Ltd. Co.	b	Receivables from related parties	18,642	Net 120 days	-
		System Ucom (Shanghai) Information Ltd. Co.	b	Payables to related parties	66,282	Net 120 days	-
9	Sysware Shenglong Information Systems Co., Ltd.	System Information (Shanghai) Ltd.	b	Interest revenue	1,177	Short-term financing, with a term of one year	-
		System Information (Shanghai) Ltd.	b	Receivables from related parties (including interest receivables)	42,484	Short-term financing, with a term of one year	-

(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	
10	Systex Rainbow Tech Inc.	System Information (Shanghai) Ltd.	b	Sales	\$ 3,023	Net 120 days	-
		System Information (Shanghai) Ltd.	b	Receivables from related parties	3,436	Net 120 days	-
		System Information (Shanghai) Ltd.	b	Payables to related parties	2,229	Net 120 days	-
		Rainbow Tech Information (HK) Ltd.	b	Cost of goods sold	18,167	Net 120 days	-
		Rainbow Tech Information (HK) Ltd.	b	Payables to related parties	19,655	Net 120 days	-
11	Systex Information (HK) Ltd.	Rainbow Tech Information (HK) Ltd.	b	Sales	239,132	Net 30 days	1
		Rainbow Tech Information (HK) Ltd.	b	Receivables from related parties	35,096	Net 30 days	-

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 NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Systex Corporation	Systex Infopro Co., Ltd.	Thailand	Sale of computer and peripheral equipment	\$ 2,200	\$ 2,200	20,000	20.00	\$ 3,456	\$ 24,911	\$ 3,481	-
	Hanmore Investment Corporation	Taiwan	General investment activities	47,125	47,125	9,640,680	48.92	19,965	88,191	(655)	Subsidiary (1, 3)
	Ching Pu Investment Corporation	Taiwan	General investment activities	50,472	50,472	38,437,500	100.00	551,395	40,625	(4,968)	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	381,992	49,880	49,480	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	36,980	(48,388)	(15,682)	-
	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	304,279	41,212	41,389	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	43,116	31,485	5,228	-
	Golden Bridge Corporation	Taiwan	General investment activities	230,000	230,000	23,000,000	100.00	288,818	35,649	33,500	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	1,152,339	423,061	413,829	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	20,760	53,694	2,405	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	293,139	13,411	13,057	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	254,537	59,975	55,353	Subsidiary (3)
	Systex Capital Group, Inc.	British Virgin Island	Investment activities including financial trust and holding	91,695	91,695	550	100.00	2,512,782	(219,279)	(219,538)	Subsidiary (3)
	Kimo.com (BVI) Corporation	British Virgin Island	Investment activities including financial trust and holding	13,185	13,185	500,000	100.00	4,230,899	(72,733)	(72,125)	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	21,263	29	29	Subsidiary (3)
	FinRobo Advisor Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment advisor	16,500	16,500	1,016,293	30.00	-	(3,884)	(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	11,575	2	(977)	-
Shengsen Cloud Technology	Taiwan	Information software service	10,800	10,800	905,084	30.00	3,701	(20,505)	(6,806)	-	
Retail System Co.	Taiwan	Manufacturing, processing, assembling and sale of business machinery equipment	24,000	24,000	780,000	30.00	29,644	10,318	2,798	-	

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Ching Pu Investment Corporation	Frog-jump Information Co., Ltd.	Taiwan	Information software service	\$ 18,969	\$ 18,969	783,202	10.00	\$ 12,435	\$ 15,521	\$ 2,102	-
	GenSys Technology (International) Ltd.	Hong Kong	Design, assessment and planning of computer system and application software and data-processing system	31,640	31,640	8,000,000	33.60	-	(871)	-	-
	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	27.99	973,764	264,079	54,689	-
	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	89,253	2,852	2,236	Subsidiary (3)
	Bao Ruh Electronic Co., Ltd.	Taiwan	Manufacturing and sale of ticket 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	69,543	22,521	6,671	-
	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	39,407	3,133	2,111	Subsidiary (3)
	Collaboration Co., Ltd.	Taiwan	General investment activities	200,015	200,015	6,160,000	44.55	209,275	40,158	15,732	-
	UniXecure Corporation	Taiwan	Design, construction and sale of telecom instrument, electronic calculator and computer	50,000	50,000	5,000,000	100.00	38,241	(11,674)	(11,674)	Subsidiary (3)
	Dawning Technology Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	178,968	-	7,158,719	20.11	136,680	31,964	8,420	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	-	6,307,011	54.92	290,663	57,140	4,663	Subsidiary (3)
Golden Bridge Corporation	MISYS Corporation	Taiwan	Information software service	100,000	-	10,000,000	100.00	99,953	(47)	(47)	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	24,992	22	-	Subsidiary (3)
	Investment Media Ltd.	Taiwan	Magazine and book publishing	95,600	95,600	4,000,000	40.00	66,707	(120,701)	-	-
Golden Bridge Corporation	Syspower Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	162,789	162,789	9,052,889	37.16	173,593	53,694	-	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	198,102	53,694	-	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	56,350	12,892	-	Subsidiary (3)

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Syscore Corporation	Syslink Corporation	Taiwan	General investment activities	\$ 700,000	\$ 650,000	70,000,000	100.00	\$ 562,737	\$ 12,160	\$ -	Subsidiary (3)
	Syslong Corporation	Taiwan	General investment activities	250,000	250,000	25,000,000	100.00	247,045	7,668	-	Subsidiary (3)
	Neweb Information Co., Ltd.	Taiwan	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	93,000	93,000	3,100,000	30.22	48,837	18,594	-	-
	Fuco Technology Co., Ltd.	Taiwan	Printing, printed matter binding and processing, and wholesale of computers and peripheral equipment	43,460	43,460	1,640,000	40.00	32,923	9,264	-	-
	Genesis Technology Inc.	Taiwan	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	71,994	71,994	3,256,388	3.95	134,103	264,079	-	-
Syslink 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	12,776	(2,485)	-	Subsidiary (3)
	Syswiser Technology Corporation	Taiwan	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	6,900	(1,798)	-	Subsidiary (3)
	Dawning Technology Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	564,995	446,595	25,450,177	71.49	486,785	31,964	-	Subsidiary (3)
	AIWin Technology Co., Ltd.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	12,000	12,000	300,000	20.00	-	(4,192)	-	-
	CKmates International Co., Ltd.	Taiwan	Type II telecommunications business, internet certificates service, and retail sale of computer software	60,002	60,002	3,117,000	25.00	37,754	(36,197)	-	-
Concord System Management Corporation	Top Information Technologies Co., Ltd.	Taiwan	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	152,608	152,608	18,000,000	100.00	194,669	2,710	-	Subsidiary (3)
Kimo.com (BVI) Corporation	Systex Information (HK) Ltd.	Hong Kong	Sale of computer and peripheral equipment, retailing and processing of information of software	860,852	860,852	207,736,600	100.00	699,773	64,225	-	Subsidiary (3)
	Systex Solutions (HK) Limited	Hong Kong	Investment activities including financial trust and holding	529,907	529,907	136,000,000	100.00	569,843	1,000	-	Subsidiary (3)
	Rainbow Tech Information (HK) Ltd.	Hong Kong	Sale of computer and peripheral equipment, retailing and processing of information of software	58,384	58,384	14,607,765	49.00	66,194	1,347	-	Subsidiary (3)
	Syscore Corporation	Taiwan	General investment activities	1,600,000	1,000,000	160,000,000	55.17	1,764,187	(169,103)	-	Subsidiary (3)
	Gemini Data	Japan	IT services, software development, wholesale and retail of computers and related equipment, electronic data processing and related services	24,485	-	11,000	100.00	22,627	(1,650)	-	Subsidiary (3)

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Kimo.com (BVI) Corporation	QFPay Haojin FinTech Limited	Hong Kong	Online and offline mobile payment, one-stop smart collection and trade, Information Technology Services	\$ 95,574	\$ -	45,834	22.92	\$ 97,947	\$ (52,575)	\$ -	-
	Aillumission Co., Ltd.	Japan	Mobile Network Construction, ICT infrastructure Construction, DX/ICT solution services, AI consultations	106,435	-	200	20.00	107,037	28,733	-	-
System Capital Group, Inc.	Syscore Corporation	Taiwan	General investment activities	1,300,000	1,000,000	130,000,000	44.83	1,433,402	(169,103)	-	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	19,054	(8,451)	-	-
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	79.62	255,575	34,979	-	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	12,776	(2,485)	-	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	1,000,000	100.00	43,907	5,516	-	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	9,248,000	100.00	41,053	5,863	-	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 \$515,617 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 NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2022	Accumulated Repatriation of Investment Income as of September 30, 2022	Note
					Outward	Inward							
Changzhou Xinguotai 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	7	100.00	7	444,290	-	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	(24,856)	100.00	(24,856)	80,544	-	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	29,996	100.00	29,996	116,161	-	Subsidiary (Note 2)
Systex Rainbow Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	12,339	100.00	12,339	296,584	-	Subsidiary (Note 2)
Systex Ucom (Shanghai) Information Ltd. Co.	Software design and data processing, retailing and service of software	-	b	-	-	-	-	4,037	100.00	4,037	42,717	-	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	-	-	-	-	(812)	29.62	(444)	8,612	-	-
Systex Rainbow (Guangzhou) Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	(364)	100.00	(364)	3,353	-	Subsidiary (Note 2)

Accumulated Investment in Mainland China as of September 30, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$1,695,956	\$1,695,956	\$8,257,550

(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
SEPTEMBER 30, 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
Huang, Tsong-Jen	20,755,750	7.62

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.