

Systemx Corporation

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Systex Corporation

Opinion

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

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

Valuation of Receivables

As of December 31, 2022, notes receivable and accounts receivable amounted to \$1,907,811 thousand. When assessing the impairment of receivables, the management of the Corporation uses the expected credit loss model based on the lifetime expected credit loss. The valuation of receivables involves significant accounting estimates and judgements of the management. Therefore, we considered the valuation of receivables as a key audit matter. For the disclosures related to receivables, refer to Notes 5 and 9 to the financial statements.

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

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

Other Matter

We did not audit the financial statements of Collaboration Co., Ltd., which is investee of the Corporation and is accounted for using the equity method, Genesis Technology Inc., which is investee of the Corporation and Syscore Corporation and is accounted for using the equity method, Systex Information (H.K.) Limited and Rainbow Tech Information (HK) Limited, which are investees of Kimo.com (BVI) Corporation and are accounted for using the equity method, Dawning Technology Inc., which is investee of Syslink Corporation and is accounted for using the equity method for the year ended December 31, 2022, the financial statements of Collaboration Co., Ltd., which is investee of the Corporation and is accounted for using the equity method, Genesis Technology Inc., which is investee of the Corporation and Syscore Corporation and is accounted for using the equity method, Systex Information (H.K.) Limited and Rainbow Tech Information (HK) Limited, which are investees of Kimo.com (BVI) Corporation and are accounted for using the equity method, Dawning Technology Inc. and CKmates International Co., Ltd, which are investees of Syslink Corporation and are accounted for using the equity method for the year ended December 31, 2021, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of other auditors. The aggregate amounts of aforementioned investments accounted for using the equity method were \$2,713,520 thousand and \$2,246,244 thousand, respectively, representing 12.44% and 11.15%, respectively, of the Corporation's total assets as of December 31, 2022 and 2021. The aggregate comprehensive income (loss) of these investees were \$242,433 thousand and \$(7,243) thousand, respectively, representing 15.36% and (0.58%), respectively, of the Corporation's comprehensive income for the years ended December 31, 2022 and 2021.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2023

Notice to Readers

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

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

SYSTEX CORPORATION

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

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 395,174	2	\$ 338,114	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	855,498	4	1,372,250	7
Notes receivable, net (Notes 4, 5, 9 and 18)	18,031	-	18,964	-
Accounts receivable, net (Notes 4, 5, 9 and 18)	1,889,780	9	1,330,805	7
Receivables from related parties (Note 25)	121,707	1	413,757	2
Other receivables	46,524	-	38,047	-
Inventories (Notes 4 and 10)	1,409,706	7	890,281	4
Prepayments	747,266	3	603,874	3
Other financial assets - current (Notes 26 and 27)	226,017	1	87,411	-
Refundable deposits - current	95,223	-	89,608	1
Other current assets (Note 20)	<u>25,820</u>	<u>-</u>	<u>28,904</u>	<u>-</u>
Total current assets	<u>5,830,746</u>	<u>27</u>	<u>5,212,015</u>	<u>26</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,729,941	8	1,397,540	7
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	48,670	-	25,549	-
Investments accounted for using equity method (Notes 4 and 11)	12,122,981	56	11,524,464	57
Property, plant and equipment (Notes 4 and 12)	1,619,463	7	1,612,071	8
Right-of-use assets (Notes 4 and 13)	177,653	1	129,062	1
Computer software (Note 4)	101,300	1	62,347	-
Deferred tax assets (Notes 4 and 20)	19,408	-	16,916	-
Refundable deposits - non-current	92,077	-	88,390	1
Long-term receivables (Notes 4 and 9)	6,773	-	9,150	-
Other financial assets - non-current (Notes 26 and 27)	35,549	-	49,653	-
Other non-current assets	<u>25,337</u>	<u>-</u>	<u>21,489</u>	<u>-</u>
Total non-current assets	<u>15,979,152</u>	<u>73</u>	<u>14,936,631</u>	<u>74</u>
TOTAL	<u>\$ 21,809,898</u>	<u>100</u>	<u>\$ 20,148,646</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 4 and 14)	\$ 380,000	2	\$ -	-
Contract liabilities (Notes 4 and 18)	896,590	4	656,142	3
Notes and accounts payable	1,267,784	6	1,306,461	7
Payables to related parties (Note 25)	889,935	4	417,286	2
Other payables	796,132	4	734,774	4
Lease liabilities - current (Notes 4 and 13)	71,404	-	79,975	-
Current tax liabilities (Notes 4 and 20)	1,715	-	14,219	-
Other current liabilities	<u>218,931</u>	<u>1</u>	<u>180,737</u>	<u>1</u>
Total current liabilities	<u>4,522,491</u>	<u>21</u>	<u>3,389,594</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 15)	2,995,420	14	2,994,442	15
Deferred tax liabilities (Notes 4 and 20)	5,909	-	5,931	-
Lease liabilities - non-current (Notes 4 and 13)	109,180	1	50,871	-
Net defined benefit liabilities - non-current (Notes 4 and 16)	103,737	-	199,283	1
Other non-current liabilities	<u>5,000</u>	<u>-</u>	<u>5,186</u>	<u>-</u>
Total non-current liabilities	<u>3,219,246</u>	<u>15</u>	<u>3,255,713</u>	<u>16</u>
Total liabilities	<u>7,741,737</u>	<u>36</u>	<u>6,645,307</u>	<u>33</u>
EQUITY (Notes 4, 17 and 22)				
Share capital	<u>2,723,333</u>	<u>12</u>	<u>2,693,933</u>	<u>13</u>
Capital surplus	<u>6,874,231</u>	<u>31</u>	<u>6,606,321</u>	<u>33</u>
Retained earnings				
Legal reserve	1,576,153	7	1,457,250	7
Special reserve	729,124	3	768,711	4
Unappropriated earnings	<u>3,573,220</u>	<u>17</u>	<u>3,634,691</u>	<u>18</u>
Total retained earnings	<u>5,878,497</u>	<u>27</u>	<u>5,860,652</u>	<u>29</u>
Other equity	<u>(479,457)</u>	<u>(2)</u>	<u>(729,124)</u>	<u>(4)</u>
Treasury shares	<u>(928,443)</u>	<u>(4)</u>	<u>(928,443)</u>	<u>(4)</u>
Total equity	<u>14,068,161</u>	<u>64</u>	<u>13,503,339</u>	<u>67</u>
TOTAL	<u>\$ 21,809,898</u>	<u>100</u>	<u>\$ 20,148,646</u>	<u>100</u>

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

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

SYSTEX CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 25)				
Sales	\$ 5,741,280	63	\$ 5,061,725	61
Less: Sales returns and allowances	<u>13,251</u>	-	<u>13,567</u>	-
Net sales	5,728,029	63	5,048,158	61
Service revenue	3,351,694	37	3,199,837	39
Other operating revenue	<u>46,853</u>	-	<u>37,392</u>	-
Total operating revenue	<u>9,126,576</u>	<u>100</u>	<u>8,285,387</u>	<u>100</u>
OPERATING COSTS (Notes 4, 10, 19 and 25)				
Cost of goods sold	4,892,642	54	4,312,140	52
Service costs	1,414,215	15	1,414,674	17
Other operating costs	<u>5,971</u>	-	<u>3,915</u>	-
Total operating costs	<u>6,312,828</u>	<u>69</u>	<u>5,730,729</u>	<u>69</u>
GROSS PROFIT	<u>2,813,748</u>	<u>31</u>	<u>2,554,658</u>	<u>31</u>
OPERATING EXPENSES (Notes 9, 19 and 25)				
Selling expenses	2,056,277	23	1,809,515	22
General and administrative expenses	307,755	3	302,188	4
Research and development expenses	380,658	4	339,824	4
Expected credit (gain) loss	<u>(6,724)</u>	-	<u>7,828</u>	-
Total operating expenses	<u>2,737,966</u>	<u>30</u>	<u>2,459,355</u>	<u>30</u>
PROFIT FROM OPERATIONS	<u>75,782</u>	<u>1</u>	<u>95,303</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Notes 4 and 11)	657,800	7	1,144,248	14
Interest income (Notes 4 and 25)	6,196	-	795	-
Dividend income (Note 4)	49,828	-	43,412	-
Other income, net (Note 25)	32,978	-	17,758	-
Gain on sale of property, plant and equipment	3,069	-	5,737	-
Gain on sale of investments, net (Note 19)	1,785	-	592	-
Foreign exchange gain, net (Note 4)	2,146	-	2,596	-
Gain on financial assets at fair value through profit or loss, net (Note 4)	332,952	4	45,780	1
Interest expense	(33,133)	-	(12,467)	-
Other expenses	(8,508)	-	(19,176)	-

(Continued)

SYSTEX CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Loss on sale of intangible assets	\$ -	-	\$ (2,116)	-
Impairment loss on assets (Notes 4 and 19)	<u>(25,927)</u>	-	<u>(99,034)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>1,019,186</u>	<u>11</u>	<u>1,128,125</u>	<u>14</u>
INCOME BEFORE INCOME TAX	1,094,968	12	1,223,428	15
INCOME TAX EXPENSE (Notes 4 and 20)	<u>3,739</u>	-	<u>9,512</u>	-
NET INCOME	<u>1,091,229</u>	<u>12</u>	<u>1,213,916</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 16)	44,108	1	(20,813)	-
Unrealized (loss) gain on equity instruments at fair value through other comprehensive income	(940)	-	113,958	1
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	<u>23,976</u>	-	<u>46,747</u>	<u>1</u>
	<u>67,144</u>	<u>1</u>	<u>139,892</u>	<u>2</u>
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	<u>419,893</u>	<u>4</u>	<u>(110,531)</u>	<u>(2)</u>
Other comprehensive income for the year, net of income tax	<u>487,037</u>	<u>5</u>	<u>29,361</u>	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,578,266</u>	<u>17</u>	<u>\$ 1,243,277</u>	<u>15</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 4.40</u>		<u>\$ 4.90</u>	
Diluted	<u>\$ 4.39</u>		<u>\$ 4.88</u>	

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

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

(Concluded)

SYSTEX CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings				Exchange Differences on Translating Foreign Operations	Other Equity	Unearned Employee Benefits	Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2021	\$ 2,693,933	\$ 6,493,756	\$ 1,300,634	\$ 579,466	\$ 4,138,488	\$ 6,018,588	\$ (581,485)	\$ (187,226)	\$ -	\$ (928,443)	\$ 13,509,123
Appropriation of 2020 earnings											
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)
Changes in investments in subsidiaries and associates accounted for using equity method	-	5,516	-	-	(14,659)	(14,659)	-	-	-	-	(9,143)
Net income for 2021	-	-	-	-	1,213,916	1,213,916	-	-	-	-	1,213,916
Other comprehensive (loss) income for 2021	-	-	-	-	(32,075)	(32,075)	(110,531)	171,967	-	-	29,361
Total comprehensive income (loss) for 2021	-	-	-	-	1,181,841	1,181,841	(110,531)	171,967	-	-	1,243,277
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049
Disposal of investments by subsidiaries in equity instruments at fair value through other comprehensive income	-	-	-	-	21,849	21,849	-	(21,849)	-	-	-
BALANCE AT DECEMBER 31, 2021	2,693,933	6,606,321	1,457,250	768,711	3,634,691	5,860,652	(692,016)	(37,108)	-	(928,443)	13,503,339
Appropriation of 2021 earnings											
Legal reserve	-	-	118,903	-	(118,903)	-	-	-	-	-	-
Cash dividends - NT\$4.2 per share	-	-	-	-	(1,131,452)	(1,131,452)	-	-	-	-	(1,131,452)
Reversal of special reserve	-	-	-	(39,587)	39,587	-	-	-	-	-	-
Changes in investments in subsidiaries and associates accounted for using equity method	-	(924)	-	-	-	-	-	-	-	-	(924)
Distribution in cash of the capital surplus - NT\$0.8 per share	-	(215,515)	-	-	-	-	-	-	-	-	(215,515)
Net income for 2022	-	-	-	-	1,091,229	1,091,229	-	-	-	-	1,091,229
Other comprehensive income for 2022	-	-	-	-	56,217	56,217	419,893	10,927	-	-	487,037
Total comprehensive income for 2022	-	-	-	-	1,147,446	1,147,446	419,893	10,927	-	-	1,578,266
Share-based payment transaction - restricted shares for employees	30,000	188,966	-	-	-	-	-	-	(175,720)	-	43,246
Share-based payment transaction - cancellation of restricted shares for employees	(600)	(3,786)	-	-	-	-	-	-	4,386	-	-
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	192,120	-	-	(7,968)	(7,968)	-	-	-	-	184,152
Disposal of investments by subsidiaries in equity instruments at fair value through other comprehensive income	-	-	-	-	9,819	9,819	-	(9,819)	-	-	-
BALANCE AT DECEMBER 31, 2022	<u>\$ 2,723,333</u>	<u>\$ 6,874,231</u>	<u>\$ 1,576,153</u>	<u>\$ 729,124</u>	<u>\$ 3,573,220</u>	<u>\$ 5,878,497</u>	<u>\$ (272,123)</u>	<u>\$ (36,000)</u>	<u>\$ (171,334)</u>	<u>\$ (928,443)</u>	<u>\$ 14,068,161</u>

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

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

SYSTEX CORPORATION

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,094,968	\$ 1,223,428
Adjustments for:		
Depreciation expense	223,533	185,389
Amortization expense	31,834	18,344
Expected credit loss (reversed) recognized	(6,724)	7,828
Gain on financial assets at fair value through profit or loss, net	(332,952)	(45,780)
Interest expense	33,133	12,467
Interest income	(6,196)	(795)
Dividend income	(49,828)	(43,412)
Compensation cost of share-based payment	36,687	-
Share of profit of subsidiaries and associates accounted for using equity method	(657,800)	(1,144,248)
Gain on sale of property, plant and equipment	(3,069)	(5,737)
Loss on sale of intangible assets	-	2,116
Impairment loss on financial assets	-	99,034
Write-down of inventories	839	21,445
Impairment loss on non-financial assets	25,927	-
Unrealized gain on foreign currency exchange, net	(225)	(568)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	517,303	(1,139,081)
Notes receivable	933	(479)
Accounts receivable	(552,798)	(345,725)
Receivables from related parties	292,053	(278,905)
Other receivables	(8,530)	(38,810)
Inventories	(515,780)	(114,490)
Prepayments	(143,392)	(63,194)
Other current assets	4,066	(1,620)
Notes and accounts payable	(37,908)	459,339
Payables to related parties	472,649	170,911
Other payables	61,358	(516)
Contract liabilities	240,448	9,424
Other current liabilities	39,172	56,369
Net defined benefit liabilities	(51,438)	(33,894)
Cash generated from (used in) operations	708,263	(991,160)
Interest paid	(33,073)	(12,535)
Income tax paid	(19,739)	(24,291)
Net cash generated from (used in) operating activities	655,451	(1,027,986)
		(Continued)

SYSTEX CORPORATION

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

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (24,061)	\$ (250,777)
Capital reduction of financial assets at fair value through other comprehensive income	-	889
Acquisition of investments accounted for using the equity method	(564,967)	(757,663)
Proceeds from disposal of investments accounted for using the equity method	477,457	-
Capital reduction of investments accounted for using the equity method	4,192	-
Payments for property, plant and equipment	(131,975)	(66,692)
Proceeds from disposal of property, plant and equipment	20,114	14,055
Increase in refundable deposits	(9,302)	(32,813)
Payments for intangible assets	(88,270)	(54,604)
Proceeds from disposal of intangible assets	277	-
Decrease (increase) in long-term receivables	2,377	(8,179)
Increase in pledged time deposits	(124,503)	(25,614)
(Increase) decrease in other non-current assets	(3,847)	18,328
Interest received	6,249	761
Dividends received	49,828	43,412
Dividends received from subsidiaries and associates	<u>883,306</u>	<u>654,830</u>
Net cash generated from (used in) investing activities	<u>496,875</u>	<u>(464,067)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	380,000	-
Proceeds from issuance of corporate bonds	-	2,994,218
Decrease in guarantee deposits received	(186)	(321)
Repayment of the principal portion of lease liabilities	(128,113)	(102,936)
Dividends paid	(1,131,452)	(1,346,967)
Distribution in cash from capital surplus	<u>(215,515)</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(1,095,266)</u>	<u>1,543,994</u>
NET INCREASE IN CASH	57,060	51,941
CASH AT THE BEGINNING OF THE YEAR	<u>338,114</u>	<u>286,173</u>
CASH AT THE END OF THE YEAR	<u><u>\$ 395,174</u></u>	<u><u>\$ 338,114</u></u>

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

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

(Concluded)

SYSTEX CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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 financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

New, Amended or Revised Standards and Interpretations	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 will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

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

- b. Basis of preparation

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

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

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

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

When preparing the financial statements, the Corporation accounts for subsidiaries and associates by using the equity method. In order to agree with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries.

Changes in the Corporation's ownership interest in a subsidiary that do not result in the Corporation losing control of the subsidiary are accounted for as equity transactions. The Corporation recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Corporation's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further loss, if any.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

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

The Corporation disposes of a subsidiary and results in a loss of control over the business, no gain or loss is recognized for transactions under common control.

Profit or loss resulting from downstream transactions is eliminated in full only in the financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the financial statements and only to the extent of interests in the subsidiaries that are not related to the Corporation.

g. Investment in associates

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

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

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

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

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

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

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

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the financial statements only to the extent of interests in the associate that are not related to the Corporation.

h. Property, plant and equipment

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

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

- k. Financial instruments

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

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

- 1) Financial assets

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

- a) Measurement category

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

- i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

1. Revenue recognition

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

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

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

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

m. Leases

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

For a contract that contains a lease component and non-lease components, the Corporation allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Corporation as lessor

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

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

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

2) The Corporation as lessee

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

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

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

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

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Share-based payment arrangements

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

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

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

The grant by the Corporation of its equity instruments to the employees of a subsidiary under share-based payment arrangements is treated as a capital contribution. The fair value of employee services received under the arrangement is measured by reference to the grant-date fair value and is recognized over the vesting period as an addition to the investment in the subsidiary, with a corresponding credit to capital surplus - restricted shares for employees.

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Valuation of Receivables

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	2021
Cash on hand	\$ 224	\$ 224
Checking accounts and demand deposits	<u>394,950</u>	<u>337,890</u>
	<u>\$ 395,174</u>	<u>\$ 338,114</u>

7. FINANCIAL ASSETS AT FVTPL

	December 31	
	2022	2021
<u>Current</u>		
Financial assets mandatorily classified as at FVTPL		
Mutual funds	<u>\$ 855,498</u>	<u>\$ 1,372,250</u>
<u>Non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Unlisted shares	<u>\$ 1,729,941</u>	<u>\$ 1,397,540</u>

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	December 31	
	2022	2021
Investments in Equity Instruments		
Unlisted shares	\$ 47,653	\$ 25,549
Listed shares	<u>1,017</u>	<u>-</u>
	<u>\$ 48,670</u>	<u>\$ 25,549</u>

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

In the first quarter of 2021, the Corporation increased its interests in Genesis Technology Inc. (Genesis) and achieved significant influence over Genesis; therefore, investment in Genesis was reclassified from financial assets at FVTOCI to investments accounted for using the equity method in the amount of \$533,006 thousand, and its related unrealized valuation gain of \$49,429 thousand was transferred from other equity to retained earnings.

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

	December 31	
	2022	2021
Notes receivable	\$ 18,203	\$ 19,136
Less: Allowance for doubtful accounts	<u>(172)</u>	<u>(172)</u>
	<u>\$ 18,031</u>	<u>\$ 18,964</u>
Accounts receivable	\$ 1,899,854	\$ 1,348,462
Less: Allowance for doubtful accounts	<u>(10,074)</u>	<u>(17,657)</u>
	<u>\$ 1,889,780</u>	<u>\$ 1,330,805</u>
Long-term receivables	\$ 7,105	\$ 9,827
Less: Unrealized interest income	<u>(332)</u>	<u>(677)</u>
	<u>\$ 6,773</u>	<u>\$ 9,150</u>

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

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

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

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

December 31, 2022

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	181 to 270 Days Past Due	Over 270 Days Past Due	Total
Gross carrying amount	\$ 1,815,017	\$ 85,238	\$ 4,980	\$ 232	\$ 12,590	\$ 1,918,057
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,246)</u>	<u>(10,246)</u>
Amortized cost	<u>\$ 1,815,017</u>	<u>\$ 85,238</u>	<u>\$ 4,980</u>	<u>\$ 232</u>	<u>\$ 2,344</u>	<u>\$ 1,907,811</u>

December 31, 2021

	Not Past Due	1 to 90 Days Past Due	91 to 180 Days Past Due	181 to 270 Days Past Due	Over 270 Days Past Due	Total
Gross carrying amount	\$ 1,290,748	\$ 39,641	\$ 26,727	\$ 2,639	\$ 7,843	\$ 1,367,598
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>(7,347)</u>	<u>(2,639)</u>	<u>(7,843)</u>	<u>(17,829)</u>
Amortized cost	<u>\$ 1,290,748</u>	<u>\$ 39,641</u>	<u>\$ 19,380</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,349,769</u>

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ 17,829	\$ 10,001
Net remeasurement of loss allowance	(6,724)	7,828
Amount written off	<u>(859)</u>	<u>-</u>
Balance at December 31	<u>\$ 10,246</u>	<u>\$ 17,829</u>

10. INVENTORIES

	December 31	
	2022	2021
Merchandise	\$ 1,402,918	\$ 883,279
Maintenance parts	<u>6,788</u>	<u>7,002</u>
	<u>\$ 1,409,706</u>	<u>\$ 890,281</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$4,892,642 thousand and \$4,312,140 thousand, respectively. The cost of goods sold included inventory write-downs of \$839 thousand and \$21,445 thousand, respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	\$ 10,681,599	\$ 10,153,103
Investments in associates	<u>1,441,382</u>	<u>1,371,361</u>
	<u>\$ 12,122,981</u>	<u>\$ 11,524,464</u>

a. Investments in subsidiaries

	December 31	
	2022	2021
Unlisted Corporation		
Kimo.com (BVI) Corporation (Kimo BVI)	\$ 4,144,305	\$ 3,958,167
Systex Capital Group, Inc. (SCGI)	2,458,889	2,521,909
Systex Software & Service Corporation (SSSC)	1,249,158	1,161,042
Ching Pu Investment Corporation (Ching Pu) (Notes 4 and 17)	587,013	583,088
Concord System Management Corporation (CSMC)	413,179	439,296
Taifon Computer Co., Ltd. (Taifon)	319,583	297,290
Systex Solutions Corporation (Systex Solutions)	317,688	320,382
Golden Bridge Corporation (GBC)	309,089	285,928
Docutek Solutions, Inc. (Docutek Solutions)	274,150	-
Nexsys Corporation (Nexsys)	268,672	343,685
MISYS Corporation (MISYS)	99,737	-
E-service Information Corporation (E-service)	95,969	87,017
uniXecure Corporation (uniXecure)	42,141	49,915
Taiwan Information Service Technology Corporation (TIST)	38,437	40,356
Naturint Corporation (Naturint)	21,162	21,234
Syspower Corporation (Syspower)	22,136	20,028
Hanmore Investment Corporation (Hanmore) (Notes 4 and 17)	20,291	19,574
Etu Corporation (Etu)	-	4,192
	<u>\$ 10,681,599</u>	<u>\$ 10,153,103</u>

The Corporation's proportion of ownership and voting rights of its subsidiaries as of the balance sheet date were 100%, except for:

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Associate	2022	2021
Syspower	4.50%	4.50%
Etu	-	84.19%
Hanmore	48.92%	48.92%
TIST	67.38%	67.38%
Nexsys	70.00%	100.00%
Docutek Solutions	54.92%	-

Refer to Note 30 for the details of the subsidiaries indirectly held by the Corporation.

Refer to Note 26 to the consolidated financial statements for the disclosure of the Corporation's acquisition of Docutek Solutions.

The Corporation and its subsidiaries, collectively, hold more than 50% of the ownership and voting rights of Syspower; therefore, the Corporation has control over Syspower, which is accounted for as subsidiary.

Etu had been under dissolution and liquidation processes after the approval of shareholders in their meeting in December 2020. The Corporation received the refund from the liquidation of Etu in June 2022.

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

The Corporation disposed of 30% of interest in Nexsys in May 2022 and decreased its interest in Nexsys to 70%.

The Corporation purchased 20.11% interest of Dawning in May 2022 (Syslink Corporation, a subsidiary of the Corporation, held 74.43% interest of Dawning) and the Corporation transferred all of its equity of Dawning to Syslink at the original acquisition price. As the transaction was under common control, no gain or loss on disposal was recognized.

The impairment losses on the subsidiaries amounted to \$37,509 thousand for the year ended December 31, 2021.

The Corporation's share of profit (loss) and other comprehensive income (loss) from subsidiaries using the equity method was recognized based on each subsidiary's audited financial statements for the years ended December 31, 2022 and 2021.

b. Investments in associates

Aggregate information of associates was as follows:

	For the Year Ended December 31	
	2022	2021
The Corporation's share of:		
Net profit for the year	\$ 105,279	\$ 39,189
Other comprehensive income (loss)	<u>10,650</u>	<u>(24,788)</u>
Total comprehensive income for the year	<u>\$ 115,929</u>	<u>\$ 14,401</u>

The impairment losses on the associates amounted to \$61,525 thousand for the year ended December 31, 2021.

Except for Bao Ruh Electronic Co., Ltd., Systemweb Technologies Co., Ltd., Sanfran Technologies Inc., Retail System Co., Ltd., Mohist Web Technology Co., Ltd., Frog-jump Information Co., Ltd., Shengsen Cloud Technology, FinRobo Advisor Securities Investment Consulting Co., Ltd., GenSys Technology (International) Ltd. and Systex Infopro Co., Ltd. for the year ended December 31, 2022, Systemweb Technologies Co., Ltd., Sanfran Technologies Inc., Retail System Co., Ltd., Mohist Web Technology Co., Ltd., Frog-jump Information Co., Ltd., Shengsen Cloud Technology, FinRobo Advisor Securities Investment Consulting Co., Ltd., GenSys Technology (International) Ltd. and Systex Infopro Co., Ltd. for the year ended December 31, 2021, the Corporation's share of profit and other comprehensive income (loss) from associates using the equity method were recognized based on each associate's audited financial statements. Management believes the financial statements that have not been audited would not have material impact on the investments accounted for using the equity method or the Corporation's share of profit and other comprehensive income (loss) in the financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computer Equipment	Transportation Equipment	Lease Equipment	Leasehold Improvements	Other Equipment	Total
<u>Cost</u>								
Balance at January 1, 2021	\$ 795,378	\$ 1,161,115	\$ 158,111	\$ 10,677	\$ 14,060	\$ 26,712	\$ 65,383	\$ 2,231,436
Additions	-	-	41,784	-	2,729	5,463	16,716	66,692
Disposals	(4,585)	(2,973)	(21,599)	(10,677)	(2,930)	(1,581)	(3,536)	(47,881)
Reclassifications	-	-	18	-	(18)	-	-	-
Balance at December 31, 2021	<u>\$ 790,793</u>	<u>\$ 1,158,142</u>	<u>\$ 178,314</u>	<u>\$ -</u>	<u>\$ 13,841</u>	<u>\$ 30,594</u>	<u>\$ 78,563</u>	<u>\$ 2,250,247</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2021	\$ 7,693	\$ 478,955	\$ 65,238	\$ 7,341	\$ 7,617	\$ 10,963	\$ 17,336	\$ 595,143
Depreciation expense	-	16,594	42,202	890	3,654	5,626	13,630	82,596
Disposals	-	(1,926)	(21,520)	(8,231)	(2,930)	(1,581)	(3,375)	(39,563)
Reclassifications	-	-	15	-	(15)	-	-	-
Balance at December 31, 2021	<u>\$ 7,693</u>	<u>\$ 493,623</u>	<u>\$ 85,935</u>	<u>\$ -</u>	<u>\$ 8,326</u>	<u>\$ 15,008</u>	<u>\$ 27,591</u>	<u>\$ 638,176</u>
Carrying amount at December 31, 2021	<u>\$ 783,100</u>	<u>\$ 664,519</u>	<u>\$ 92,379</u>	<u>\$ -</u>	<u>\$ 5,515</u>	<u>\$ 15,586</u>	<u>\$ 50,972</u>	<u>\$ 1,612,071</u>
<u>Cost</u>								
Balance at January 1, 2022	\$ 790,793	\$ 1,158,142	\$ 178,314	\$ -	\$ 13,841	\$ 30,594	\$ 78,563	\$ 2,250,247
Additions	-	-	75,695	-	14,018	17,158	25,104	131,975
Disposals	(12,666)	(7,240)	(22,050)	-	(3,046)	(1,037)	(1,124)	(47,163)
Reclassifications	-	-	(4,553)	-	(46)	-	-	(4,599)
Balance at December 31, 2022	<u>\$ 778,127</u>	<u>\$ 1,150,902</u>	<u>\$ 227,406</u>	<u>\$ -</u>	<u>\$ 24,767</u>	<u>\$ 46,715</u>	<u>\$ 102,543</u>	<u>\$ 2,330,460</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ 7,693	\$ 493,623	\$ 85,935	\$ -	\$ 8,326	\$ 15,008	\$ 27,591	\$ 638,176
Depreciation expense	-	16,503	46,642	-	5,892	7,578	17,718	94,333
Disposals	-	(3,373)	(21,773)	-	(3,046)	(802)	(1,124)	(30,118)
Impairment loss	-	-	5,410	-	-	-	3,311	8,721
Reclassifications	-	-	(107)	-	(8)	-	-	(115)
Balance at December 31, 2022	<u>\$ 7,693</u>	<u>\$ 506,753</u>	<u>\$ 116,107</u>	<u>\$ -</u>	<u>\$ 11,164</u>	<u>\$ 21,784</u>	<u>\$ 47,496</u>	<u>\$ 710,997</u>
Carrying amount at December 31, 2022	<u>\$ 770,434</u>	<u>\$ 644,149</u>	<u>\$ 111,299</u>	<u>\$ -</u>	<u>\$ 13,603</u>	<u>\$ 24,931</u>	<u>\$ 55,047</u>	<u>\$ 1,619,463</u>

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

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

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

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Buildings	\$ 145,749	\$ 73,365
Machinery	30,898	53,592
Transportation equipment	<u>1,006</u>	<u>2,105</u>
	<u>\$ 177,653</u>	<u>\$ 129,062</u>
	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	<u>\$ 177,791</u>	<u>\$ 34,891</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 95,099	\$ 66,659
Machinery	33,003	36,042
Transportation equipment	<u>1,098</u>	<u>92</u>
	<u>\$ 129,200</u>	<u>\$ 102,793</u>

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

b. Lease liabilities

	December 31	
	2022	2021
<u>Carrying amounts</u>		
Current	<u>\$ 71,404</u>	<u>\$ 79,975</u>
Non-current	<u>\$ 109,180</u>	<u>\$ 50,871</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Buildings	1.00%-1.25%	1.00%-1.25%
Machinery	1.00%-1.25%	1.00%-1.25%
Transportation equipment	1.00%	1.00%

c. Material leasing activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases and low-value asset leases	<u>\$ 17,590</u>	<u>\$ 40,721</u>
Total cash outflow for leases	<u>\$ 147,878</u>	<u>\$ 145,652</u>

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

The amount of lease commitments for which the recognition exemption is applied were \$15,056 thousand and \$14,904 thousand, respectively, as of December 31, 2022 and 2021.

14. SHORT-TERM LOANS

	December 31	
	2022	2021
Bank unsecured loans	<u>\$ 380,000</u>	<u>\$ -</u>
Annual interest rate	1.60%-1.85%	-

15. BONDS PAYABLE

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

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

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	December 31	
	2022	2021
Present value of defined benefit obligation	\$ 449,662	\$ 519,970
Fair value of plan assets	<u>(345,925)</u>	<u>(320,687)</u>
Net defined benefit liability	<u>\$ 103,737</u>	<u>\$ 199,283</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2021	<u>\$ 519,107</u>	<u>\$ (306,743)</u>	<u>\$ 212,364</u>
Service cost			
Current service cost	763	-	763
Net interest expense (income)	<u>1,801</u>	<u>(1,122)</u>	<u>679</u>
Recognized in profit or loss	<u>2,564</u>	<u>(1,122)</u>	<u>1,442</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,258)	(4,258)
Actuarial gain - changes in financial assumptions	(5,368)	-	(5,368)
Actuarial loss - experience adjustments	17,812	-	17,812
Actuarial loss - changes in demographic assumptions	<u>12,627</u>	<u>-</u>	<u>12,627</u>
Recognized in other comprehensive loss (income)	<u>25,071</u>	<u>(4,258)</u>	<u>20,813</u>
Contributions from the employer	-	(35,336)	(35,336)
Benefits paid	<u>(26,772)</u>	<u>26,772</u>	<u>-</u>
Balance at December 31, 2021	<u>519,970</u>	<u>(320,687)</u>	<u>199,283</u>
Service cost			
Current service cost	609	-	609
Net interest expense (income)	<u>2,834</u>	<u>(1,862)</u>	<u>972</u>
Recognized in profit or loss	<u>3,443</u>	<u>(1,862)</u>	<u>1,581</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (25,629)	\$ (25,629)
Actuarial gain - changes in financial assumptions	(45,783)	-	(45,783)
Actuarial loss - experience adjustments	<u>27,304</u>	<u>-</u>	<u>27,304</u>
Recognized in other comprehensive income	<u>(18,479)</u>	<u>(25,629)</u>	<u>(44,108)</u>
Contributions from the employer	-	(53,019)	(53,019)
Benefits paid	<u>(55,272)</u>	<u>55,272</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 449,662</u>	<u>\$ (345,925)</u>	<u>\$ 103,737</u> (Concluded)

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

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

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

	December 31	
	2022	2021
Discount rates	1.55%	0.55%
Expected rates of salary increase	1.20%	1.20%

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

	December 31	
	2022	2021
Discount rates		
0.5% increase	<u>\$ (20,704)</u>	<u>\$ (26,349)</u>
0.5% decrease	<u>\$ 22,123</u>	<u>\$ 28,286</u>
Expected rates of salary increase		
0.5% increase	<u>\$ 22,089</u>	<u>\$ 27,955</u>
0.5% decrease	<u>\$ (20,873)</u>	<u>\$ (26,311)</u>

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

	December 31	
	2022	2021
The expected contributions to the plan for the next year	<u>\$ 26,614</u>	<u>\$ 44,959</u>
The average duration of the defined benefit obligation	10 years	10 years

17. EQUITY

a. Share capital

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

On May 26, 2022, the shareholders in their meeting approved to issue 3,000 thousand shares under a restricted share plan for employees with a total amount of \$30,000 thousand, which was approved by the FSC. On August 3, 2022, the board of directors resolved to issue all shares, please refer to Note 22 for details.

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

b. Capital surplus

	December 31	
	2022	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
The difference between the consideration paid or received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal	193,977	1,858
Donations	544	544
Treasury share transactions	2,052,062	1,945,013
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interest in subsidiaries (2)	6,854	10,666
Share of changes in associates accounted for using the equity method	4,815	2,260
Gain on sale of property, plant and equipment	4,493	4,493
<u>May not be used for any purpose</u>		
Employee restricted shares	<u>185,514</u>	<u>-</u>
	<u>\$ 6,874,231</u>	<u>\$ 6,606,321</u>

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

c. Retained earnings and dividends policy

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

For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 19 c. for details.

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

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

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

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

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

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

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

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

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

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

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

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

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

d. Other equity items

1) Exchange differences on translation of foreign operations

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (692,016)	\$ (581,485)
Share of subsidiaries and associates accounted for using the equity method	419,893	(110,531)
Balance at December 31	\$ (272,123)	\$ (692,016)

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	\$ (37,108)	\$ (187,226)
Recognized for the year		
Unrealized (loss) gain on equity investments	(940)	113,958
Share from subsidiaries and associates accounted for using the equity method	11,867	58,009
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(9,819)	(21,849)
Balance at December 31	\$ (36,000)	\$ (37,108)

3) Unearned employee benefits

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

Please refer to Note 22 for the issuance of restricted shares for employees.

e. Treasury shares (in thousands)

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

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

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

For the Corporation's shares held by Hanmore, the investment cost at 48.92% (the ownership percentage owned by the Corporation) was transferred from investment accounted for using the equity method to treasury shares, amounting to \$515,617 thousand (10,428 thousand shares) as of December 31, 2022 and 2021.

The Corporation's shares held by its subsidiaries are recorded as treasury shares, with the subsidiaries having the same rights as other common shareholders on these shares, except that the subsidiaries which are owned by the parent company for over 50% will not have the right to participate in any share issuance for cash or to vote.

18. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 5,728,029	\$ 5,048,158
Revenue from the rendering of services	3,351,694	3,199,837
Other operating revenue	<u>46,853</u>	<u>37,392</u>
	<u>\$ 9,126,576</u>	<u>\$ 8,285,387</u>

Contract Balances

	December 31	
	2022	2021
Notes and accounts receivable	<u>\$ 1,907,811</u>	<u>\$ 1,349,769</u>
Contract liabilities	<u>\$ 896,590</u>	<u>\$ 656,142</u>

Please refer to Note 9 for information about notes and accounts receivable. The changes in the balance of contract liabilities primarily result from the timing difference between the Corporation's satisfaction of performance obligations and the respective customer's payment.

19. NET PROFIT

a. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 94,333	\$ 82,596
Right-of-use assets	129,200	102,793
Intangible assets	<u>31,834</u>	<u>18,344</u>
	<u>\$ 255,367</u>	<u>\$ 203,733</u>
An analysis of depreciation by function		
Operating costs	\$ 79,166	\$ 80,973
Operating expenses	<u>144,367</u>	<u>104,416</u>
	<u>\$ 223,533</u>	<u>\$ 185,389</u>
An analysis of amortization by function		
Operating costs	\$ 831	\$ 938
Operating expenses	<u>31,003</u>	<u>17,406</u>
	<u>\$ 31,834</u>	<u>\$ 18,344</u>

b. Employee benefits expenses (recognized as operating expenses)

	For the Year Ended December 31	
	2022	2021
Post-employment benefits		
Defined contribution plans	\$ 92,621	\$ 86,326
Defined benefit plans (Note 16)	<u>1,581</u>	<u>1,442</u>
	94,202	87,768
Compensation cost of share-based payment	36,687	-
Payroll	1,995,022	1,833,104
Labor and health insurance	175,296	165,958
Remuneration of directors	23,052	25,756
Other employee benefits	<u>92,872</u>	<u>73,786</u>
Total employee benefits expenses	<u>\$ 2,417,131</u>	<u>\$ 2,186,372</u>

For the years ended December 31, 2022 and 2021, the Corporation had 2,086 and 1,962 employees on average, respectively; the number of board of directors who did not serve concurrently as employees amounted to 10 and 11, respectively.

For the years ended December 31, 2022 and 2021, the average employee benefits expenses amounted to \$1,153 thousand and \$1,107 thousand, respectively, and the average payroll expenses amounted to \$961 thousand and \$940 thousand, respectively. The average payroll expenses increased by 2.23%.

The Corporation's policies for employee benefits expenses are as follows.

The directors are remunerated in accordance with the Corporation's current Articles. The Corporation has also established the "Regulations on Directors' Remuneration" to calculate their remuneration based on the base numbers established by directors' contribution to the Corporation and whether they are independent directors.

Directors' remuneration includes remuneration, salary, travel expenses, etc. Independent directors are paid in fixed amounts of remuneration every quarter in accordance with the resolutions in the board of directors' meetings. Travel expenses are paid each time directors attend board of directors or functional committee meetings in person.

Managerial officers' remuneration is paid in accordance with the Corporation's human resources policies. Their remuneration mainly includes basic salary, rewards, and employee remuneration. Rewards and bonuses are distributed based on the overall operating performance of the Corporation and shall be in accordance with the "Regulations on the Distribution of Year-End Bonuses".

The Corporation has established a remuneration committee to be in charge of the performance evaluation of directors and managerial officers, set and reviewing the remuneration policies, system standards and structure, and conduct periodic reviews on the accomplishment of performance targets in order to build a comprehensive remuneration system for the Corporation's directors and managerial officers.

The Corporation has set up a well-established performance management and remuneration system which connected the target of organization with personal performance. The Corporation ensures performance examination, feedback, and assessment are completed regularly. Bonuses are paid based on the overall performance of the Corporation, department performance, personal performance and contribution in order to achieve the Corporation's goal of high performance, high contribution, and high reward.

c. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees and remuneration of directors at rates of no less than 0.1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which have been approved by the Corporation's board of directors on February 22, 2023 and February 23, 2022, respectively, are as follows:

	For the Year Ended December 31	
	2022	2021
	Cash	Cash
Compensation of employees	\$ 34,578	\$ 38,635
Remuneration of directors	23,052	25,756

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

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

Information on the compensation of employees and remuneration of directors resolved by the Corporation's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Gain on sale of investments, net

	For the Year Ended December 31	
	2022	2021
Disposal of financial assets at FVTPL	<u>\$ 1,785</u>	<u>\$ 592</u>

e. Impairment losses recognized

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	\$ 8,721	\$ -
Intangible assets	17,206	-
Investments accounted for using the equity method	<u>-</u>	<u>99,034</u>
	<u>\$ 25,927</u>	<u>\$ 99,034</u>

20. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	\$ -	\$ 16,904
Additional income tax under the Alternative Minimum Tax Act	8,343	-
Land value increment tax	240	532
Adjustments for prior years' tax	<u>(2,330)</u>	<u>(1,896)</u>
	<u>6,253</u>	<u>15,540</u>
Deferred tax		
In respect of the current year	<u>(2,514)</u>	<u>(6,028)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,739</u>	<u>\$ 9,512</u>

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

	For the Year Ended December 31	
	2022	2021
Profit before tax	<u>\$ 1,094,968</u>	<u>\$ 1,223,428</u>
Income tax expense calculated at the statutory rate	\$ 218,994	\$ 244,686
Permanent difference	(221,508)	(233,810)
Additional income tax under the Alternative Minimum Tax Act	8,343	-
Land value incremental tax	240	532
Adjustments for prior years' tax	<u>(2,330)</u>	<u>(1,896)</u>
Income tax expense recognized in profit or loss	<u>\$ 3,739</u>	<u>\$ 9,512</u>

b. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax assets (included in other current assets)		
Tax refund receivable	<u>\$ 982</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ 1,715</u>	<u>\$ 14,219</u>

Prepaid income tax of \$8,343 thousand and \$2,685 thousand have been deducted, respectively, from income tax payable as of December 31, 2022 and 2021.

c. The movements of deferred tax assets and liabilities

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Payable for annual leave	\$ 1,948	\$ (92)	\$ 1,856
Allowance for loss on inventories	7,502	(780)	6,722
Others	<u>7,466</u>	<u>3,364</u>	<u>10,830</u>
	<u>\$ 16,916</u>	<u>\$ 2,492</u>	<u>\$ 19,408</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Exchange differences on foreign operations	\$ 5,846	\$ -	\$ 5,846
Others	<u>85</u>	<u>(22)</u>	<u>63</u>
	<u>\$ 5,931</u>	<u>\$ (22)</u>	<u>\$ 5,909</u>

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Payable for annual leave	\$ 1,651	\$ 297	\$ 1,948
Allowance for loss on inventories	3,767	3,735	7,502
Others	<u>5,627</u>	<u>1,839</u>	<u>7,466</u>
	<u>\$ 11,045</u>	<u>\$ 5,871</u>	<u>\$ 16,916</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Exchange differences on foreign operations	\$ 5,846	\$ -	\$ 5,846
Others	<u>242</u>	<u>(157)</u>	<u>85</u>
	<u>\$ 6,088</u>	<u>\$ (157)</u>	<u>\$ 5,931</u>

d. Income tax assessments

Income tax returns through 2020 and undistributed earnings through 2019 of the Corporation has been assessed by the tax authorities.

21. EARNINGS PER SHARE

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

	For the Year Ended December 31	
	2022	2021
Net income for the year	<u>\$ 1,091,229</u>	<u>\$ 1,213,916</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of basic earnings per share	247,983	247,983
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>588</u>	<u>549</u>
Weighted average number of ordinary shares in the computation of diluted earnings per share	<u>248,571</u>	<u>248,532</u>
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	<u>\$4.40</u>	<u>\$4.90</u>
Diluted earnings per share	<u>\$4.39</u>	<u>\$4.88</u>

If the Corporation can settle bonus to employees in cash or shares, the Corporation should assume the entire amount of the bonus will be settled in shares and the resulting potential shares, if dilutive, should be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The pro-forma net income and earnings per share, assuming the Corporation's share held by subsidiaries were treated as investment instead of treasury shares, were as follows:

	For the Year Ended December 31	
	2022	2021
Net income for the year	<u>\$ 1,181,150</u>	<u>\$ 1,320,965</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of pro forma basic earnings per share	269,393	269,393
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>588</u>	<u>549</u>
Weighted average number of ordinary shares in the computation of pro forma diluted earnings per share	<u>269,981</u>	<u>269,942</u>
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	<u>\$4.38</u>	<u>\$4.90</u>
Diluted earnings per share	<u>\$4.37</u>	<u>\$4.89</u>

22. SHARE-BASED PAYMENT ARRANGEMENTS

On May 26, 2022, the shareholders in their meeting approved to issue 3,000 thousand shares under a restricted share plan for employees with a total amount of \$30,000 thousand, which was approved by the FSC. Vesting conditions of restricted stock awards (RSAs) are as follows:

- a. The employees remain employed by the Group on the last date of each vesting period, and the employees' performance metrics and the Group's operational goal are met at the same time, and during the vesting period, the employees may not breach labor contracts with the Group or be given a major demerit according to the Group's rewards and punishment regulations.
- b. The maximum percentage of granted RSAs that may be vested each year shall be as follows: one year anniversary of the grant: 33%; two-year anniversary of the grant: 33%; and three-year anniversary of the grant: 34%; or the maximum percentage of granted RSAs that may be vested for the three years from 2022 to 2024 will be set as 100%; provided that the actual percentage and number of the RSAs to be vested in each year will be calculated based on the achievement of the employees' performance metrics and the Group's operational goals.

Restrictions imposed on the employees' rights in the RSAs before the vesting conditions are fulfilled:

- a. During each vesting period, no employees granted RSAs may sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, any shares under the unvested RSAs according to trust agreement.
- b. The attendance, proposal rights, speech rights, voting rights shall be exercised by the engaged trustee on the employees' behalf.
- c. The RSAs should be delivered to trust custodians upon the grant date. The employees cannot request for refund by all means before the vesting conditions are fulfilled.
- d. If the Group applies for non-statutory capital reduction, the RSAs should be cancelled in proportion to the capital reduction. The refund of cash shall be delivered to the engaged trustee before the vesting conditions are fulfilled. If the vesting conditions are not fulfilled, the Group will withdraw the refund of cash.
- e. Except for the aforementioned restrictions, before the vesting conditions are fulfilled, any other shareholders' rights including but not limited to the entitlement to any distribution regarding dividends, bonuses and capital reserve, and the subscription right of the new shares issued for any capital increase, are the same as those of holders of common shares of the Group. The operations will be executed under trust agreement.

On August 3, 2022, the board of directors approved to issue 3,000 thousand shares under a restricted share plan for employees with a par value of \$10 per share and a total amount of \$30,000 thousand. The grant date was September 1, 2022, and the closing price was \$73.10. As of December 31, 2022, the RSAs are not vested.

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

For the year ended December 31, 2022, the compensation cost recognized on the RSAs was \$36,687 thousand.

23. CAPITAL MANAGEMENT

The capital structure of the Corporation consists of debt and equity of the Corporation (comprising issued capital, capital surplus, retained earnings and other equity).

Key management personnel of the Corporation review the capital structure on a periodic basis. As part of this review, the Corporation considers the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

24. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 1,729,941	\$ 1,729,941
Mutual funds	<u>855,498</u>	<u>-</u>	<u>-</u>	<u>855,498</u>
	<u>\$ 855,498</u>	<u>\$ -</u>	<u>\$ 1,729,941</u>	<u>\$ 2,585,439</u>
Financial assets at FVTOCI				
Listed shares	\$ 1,017	\$ -	\$ -	\$ 1,017
Unlisted shares	<u>-</u>	<u>-</u>	<u>47,653</u>	<u>47,653</u>
	<u>\$ 1,017</u>	<u>\$ -</u>	<u>\$ 47,653</u>	<u>\$ 48,670</u>
<u>December 31, 2021</u>				
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 1,397,540	\$ 1,397,540
Mutual funds	<u>1,372,250</u>	<u>-</u>	<u>-</u>	<u>1,372,250</u>
	<u>\$ 1,372,250</u>	<u>\$ -</u>	<u>\$ 1,397,540</u>	<u>\$ 2,769,790</u>
Financial assets at FVTOCI				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,549</u>	<u>\$ 25,549</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2022 and 2021.

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

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1	\$ 1,397,540	\$ 25,549	\$ 1,423,089
Recognized in profit or loss	332,401	-	332,401
Recognized in other comprehensive income	-	(926)	(926)
Purchases	-	23,030	23,030
Balance at December 31	<u>\$ 1,729,941</u>	<u>\$ 47,653</u>	<u>\$ 1,777,594</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 332,401</u>		<u>\$ 332,401</u>

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1	\$ 1,352,228	\$ 1,001	\$ 1,353,229
Recognized in profit or loss	45,534	-	45,534
Recognized in other comprehensive income	-	837	837
Purchases	-	24,600	24,600
Capital reduction	-	(889)	(889)
Capital surplus distributed as cash dividends	(222)	-	(222)
Balance at December 31	<u>\$ 1,397,540</u>	<u>\$ 25,549</u>	<u>\$ 1,423,089</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 45,534</u>		<u>\$ 45,534</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Taiwan Futures Exchange	The market approach is used to arrive at their fair values for which the recent financial activities of investees, the market transaction prices of the similar companies and market conditions are considered. Significant unobservable inputs are discounted considering marketability.
Unlisted shares and others	The assets approach is used to the individual assets and individual liabilities to reflect the overall value of the investment target. Significant unobservable inputs are discounted considering marketability.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
FVTPL	\$ 2,585,439	\$ 2,769,790
Amortized cost (1)	2,945,617	2,490,219
FVTOCI	48,670	25,549
<u>Financial liabilities</u>		
Amortized cost (2)	6,334,271	5,458,149

- 1) The balances include financial assets at amortized cost, which comprise cash, notes receivable, accounts receivable, receivables from related parties, refundable deposits - current, refundable deposits - non-current, other receivables, lease receivables - current (included in other current assets), lease receivables - non-current (included in other non-current assets), long-term receivables, pledged time deposits - current (included in other current financial assets) and pledged time deposits - non-current (included in other non-current financial assets).
- 2) The balances included financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payable, payables to related parties, other payables, guarantee deposits received (included in other non-current liabilities) and bonds payable.

d. Financial risk management objectives and policies

The Corporation's main target of financial risk management is to manage the market risk related to operating activity (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk. To reduce the potential and detrimental influence of the fluctuations in market on the Corporation's financial performance, the Corporation endeavors to identify, estimate and hedge the uncertainties of the market.

The Corporation's significant financial activity is reviewed and approved by the board of directors and audit committee in compliance with related regulations and internal control policy, and the authority and responsibility are delegated according to the operating procedures.

1) Market risk

a) Foreign currency risk

The Corporation has foreign currency sales, purchases and borrowings, which were exposed to foreign currency risk. The Corporation designated a department to monitor exchange rate fluctuations in timely manner and change foreign currency position to control and mitigate such risks as soon as possible.

The sensitivity analysis focused on outstanding foreign currency denominated monetary assets and monetary liabilities (mainly USD) at the end of the reporting period. A positive number below indicates an increase/decrease in pre-tax net income associated with New Taiwan dollars strengthening/weakening 5% against the relevant currency.

	For the Year Ended December 31	
	2022	2021
(Decrease) increase/(Increase) decrease	\$ (313)	\$ 1,649

b) Interest rate risk

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

	December 31	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 261,566	\$ 137,063
Financial liabilities	3,556,004	3,125,288
Cash flow interest rate risk		
Financial assets	394,950	337,890

The Corporation acquires better interest rate through long-term cooperation with banks; therefore, the effect of interest rate fluctuations is immaterial.

The sensitivity analyses below were determined based on financial assets and financial liabilities with floating interest rates at the end of reporting period. If interest rates had been 10 basis points (0.1%) higher/lower, the Corporation's pre-tax net income effect would have been as follows:

	For the Year Ended December 31	
	2022	2021
Increase/decrease	\$ 395	\$ 338

c) Other price risk

The Corporation was exposed to price risk through its investments in shares, corporate bonds and mutual funds. The Corporation established a real-time control system for the price risk, and management does not anticipate any material loss due to this risk.

The sensitivity analyses of the above investment were determined based on financial assets which were measured at fair value at the end of reporting period. If market prices had been 5% higher/lower, the effects on the Corporation's pre-tax net income and other comprehensive income would have been as follows:

	<u>For the Year Ended December 31</u>	
	2022	2021
Pre-tax net income		
Increase/decrease	\$ 129,272	\$ 138,490
Other comprehensive income		
Increase/decrease	2,434	1,277

2) Credit risk

Credit risk represents the potential loss that would be incurred by the Corporation if the counterparties breached contracts. Generally, the maximum exposures to credit risk for financial assets at the balance sheet date are their carrying amounts.

The Corporation designated a department to manage accounts receivable, establish management policies and develop credit limit management procedures to ensure its benefit. The corporation also choose creditworthy financial institutions with good credit rating as counterparties to reduce credit risk.

Since the counterparties are creditworthy financial institutions and enterprises and the concentration of credit risk is not significant, the credit risk is anticipated to be immaterial.

3) Liquidity risk

The Corporation puts in place inventory management system, procedures for collections and payments, and develops cash flow forecast to ensure the liquidity of operating capital. In addition, the Corporation invests idle funds in short-term investments under consideration of liquidity, security and profitability. The Corporation also maintains banking facilities to ensure the liquidity of cash.

The Corporation has sufficient working capital to meet the cash needs for their operations. Thus, no material liquidity risk is anticipated.

In addition, the Corporation's investments in mutual funds and listed shares are traded in active markets and can readily be sold in the market at their approximate fair values. However, the Corporation also invested in unlisted stocks without quoted market prices in an active market, and higher liquidity risk is anticipated.

25. TRANSACTIONS WITH RELATED PARTIES

Except for those disclosed in other notes, transactions between the Corporation and related parties are disclosed below.

a. Related parties and their relationship with the Corporation

<u>Related Parties</u>	<u>Relationship with the Corporation</u>
Taifon Computer Co., Ltd. (Taifon)	Subsidiary
System Solutions Corporation (System Solutions)	Subsidiary
Syspower Corporation (Syspower)	Subsidiary
Concord System Management Corporation (CSMC)	Subsidiary
Nexsys Corporation (Nexsys)	Subsidiary
Ching Pu Investment Corporation (Ching Pu)	Subsidiary
Golden Bridge Corporation (GBC)	Subsidiary
Hanmore Investment Corporation (Hanmore)	Subsidiary
Kimo.com (BVI) Corporation (Kimo BVI)	Subsidiary
Naturint Corporation (Naturint)	Subsidiary
System Software & Service Corporation (SSSC)	Subsidiary
Softmobile Technology Corporation (Softmobile)	Subsidiary
Syscore Corporation (Syscore)	Subsidiary
Syslink Corporation (Syslink)	Subsidiary
Syswiser Technology Corporation (Syswiser)	Subsidiary
Smartsys Technology Corporation (Smartsys)	Subsidiary
Top Information Technologies Co., Ltd. (Top Information)	Subsidiary
E-service Information Corporation (E-service)	Subsidiary
Taiwan Information Service Technology Corporation (TIST)	Subsidiary
Palsys Digital Technology Corporation (Palsys)	Subsidiary
uniXecure Corporation (uniXecure)	Subsidiary
Docutek Solutions, Inc. (Docutek Solutions)	Subsidiary
MISYS Corporation (MISYS)	Subsidiary
System Information (HK) Ltd. (System HK)	Subsidiary
System Information (Shanghai) Ltd. (System)	Subsidiary
Sysware Shenglong Information Systems Co., Ltd. (Sysware Shenglong)	Subsidiary
System Rainbow Tech Inc. (System Rainbow)	Subsidiary
System Group (China) Limited (System China)	Subsidiary
Dawning Technology Inc. (Dawning)	Subsidiary
Investment Media Ltd. (IM)	Associate
Sanfran Technologies Inc. (Sanfran)	Associate
Systemweb Technologies Co., Ltd. (Systemweb)	Associate
Shengsen Cloud Technology (Shengsen)	Associate
Frog-jump Information Co., Ltd. (Frog-jump)	Associate
Retail System Co., Ltd. (Retail System)	Associate
Neweb Information Co., Ltd. (Neweb)	Associate
Fuco Technology Co., Ltd. (Fuco)	Associate
AIWin Technology Co., Ltd. (AIWin)	Associate
Genesis Technology Inc. (Genesis)	Associate
FinRobo Advisor Securities Investment Consulting Co., Ltd. (FinRobo)	Associate
Bao Ruh Electronic Co., Ltd. (Bao Ruh)	Associate
CKmates International Co., Ltd. (CKmates)	Associate
Teamplus Technology Inc. (Teamplus)	Associate
Asiavest Capital Co., Ltd. (Asiavest)	Other related party
Green World FinTech Service Co., Ltd. (Green World)	Director of subsidiary

b. Operating revenue

Line Items	Related Party Categories	For the Year Ended December 31	
		2022	2021
Sales	Subsidiary	\$ 124,855	\$ 104,456
	Associate	<u>28,085</u>	<u>27,506</u>
		<u>\$ 152,940</u>	<u>\$ 131,962</u>
Service revenue	Subsidiary	\$ 147,285	\$ 137,847
	Associate	<u>6,342</u>	<u>5,560</u>
		<u>\$ 153,627</u>	<u>\$ 143,407</u>

c. Purchases

Related Party Categories	For the Year Ended December 31	
	2022	2021
Subsidiary		
SSSC	\$ 1,022,212	\$ 1,252,017
Others	882,953	344,636
Associate	<u>18,973</u>	<u>44,000</u>
	<u>\$ 1,924,138</u>	<u>\$ 1,640,653</u>

d. Receivables from related parties

Line Items	Related Party Categories	December 31	
		2022	2021
Receivables from related parties	Subsidiary	\$ 113,974	\$ 109,917
	Associate	<u>7,733</u>	<u>3,686</u>
		<u>121,707</u>	<u>113,603</u>
Loans and interest receivables from related parties	Subsidiary		
	CSMC	-	140,072
	SSSC	-	80,041
	Systex Solutions	<u>-</u>	<u>80,041</u>
		<u>-</u>	<u>300,154</u>
		<u>\$ 121,707</u>	<u>\$ 413,757</u>

The Corporation provided short-term loans to CSMC, SSSC and Systex Solutions. Such loans are due in December 2022, with a fixed interest rate of 1.25%, and the principal and interest will be repaid in full on the maturity date.

e. Payables to related parties

Line Items	Related Party Categories	December 31	
		2022	2021
Payables to related parties	Subsidiary		
	SSSC	\$ 678,472	\$ 222,466
	Others	201,499	176,067
	Associate	<u>9,964</u>	<u>18,753</u>
		<u>\$ 889,935</u>	<u>\$ 417,286</u>

The product/service sales and purchase transactions with related parties were conducted under pricing terms similar to those with third parties, i.e., for purchases or sales of similar products/services, except those transactions on products/services with special specifications. Settlement terms for related-party transactions were similar to those for third parties.

f. Acquisition of property, plant and equipment and computer software

Related Party Categories	For the Year Ended December 31	
	2022	2021
Subsidiary		
Dawning	\$ 24,143	\$ 744
Others	20,978	8,439
Associate	<u>240</u>	<u>-</u>
	<u>\$ 45,361</u>	<u>\$ 9,183</u>

g. Disposal of property, plant and equipment and computer software

Related Party Categories	Proceeds		Gain on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Subsidiary	\$ 276	\$ 79	\$ -	\$ -
Other related parties	<u>-</u>	<u>1,619</u>	<u>-</u>	<u>62</u>
	<u>\$ 276</u>	<u>\$ 1,698</u>	<u>\$ -</u>	<u>\$ 62</u>

h. Other transactions with related parties

Line Items	Related Party Categories	For the Year Ended December 31	
		2022	2021
Service cost	Subsidiary	\$ 61,702	\$ 63,006
	Associate	<u>19,785</u>	<u>19,813</u>
		<u>\$ 81,487</u>	<u>\$ 82,819</u>
Operating expenses	Subsidiary	\$ 22,261	\$ 14,439
	Associate	<u>4,068</u>	<u>1,265</u>
		<u>\$ 26,329</u>	<u>\$ 15,704</u>
Revenue of management fee (recognized as deduction of operating expenses)	Subsidiary	<u>\$ 122,941</u>	<u>\$ 104,402</u>
Other income	Subsidiary		
	Nexsys	\$ 3,484	\$ 3,484
	Others	1,777	1,751
	Associate	<u>-</u>	<u>204</u>
		<u>\$ 5,261</u>	<u>\$ 5,439</u>
Interest income	Subsidiary		
	CSMC	\$ 2,243	\$ 72
	SSSC	1,653	41
	System Solutions	<u>959</u>	<u>41</u>
		<u>\$ 4,855</u>	<u>\$ 154</u>

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	\$ 138,151	\$ 132,274
Post-employment benefits	1,860	2,782
Termination benefits	3,460	-
Share-based payment	<u>31,054</u>	<u>-</u>
	<u>\$ 174,525</u>	<u>\$ 135,056</u>

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

26. PLEDGED ASSETS

The following assets were pledged as the Corporation's collateral for contract guarantees, guarantees for gift certificates and gift cards issued and import duty guarantee:

	December 31	
	2022	2021
Pledged time deposits - current (included in other financial assets - current)	\$ 226,017	\$ 87,411
Pledged time deposits - non-current (included in other financial assets - non-current)	<u>35,549</u>	<u>49,653</u>
	<u>\$ 261,566</u>	<u>\$ 137,064</u>

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation as of December 31, 2022 and 2021 were as follows:

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

	December 31	
	2022	2021
	<u>\$ 658</u>	<u>\$ 695</u>

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

	December 31	
	2022	2021
	<u>\$ 3,541,429</u>	<u>\$ 3,586,874</u>

- c. Please refer to Table 2 for information that the Corporation provided endorsements for others.
- d. The Corporation issues gift certificates and gift cards. For the handling of advance receipts from customers for sold gift certificates and gift cards, the Corporation entered into a trust agreement with E.SUN Commercial Bank according to the "Provision to be Included in Standard Form Contract of All Sorts of Gift Certificates of Retail Companies" issued by the Ministry of Economic Affairs. According to the trust agreement, the Corporation opened a trust account in E.SUN Commercial Bank. Advance receipts from customers for sold gift certificates are deposited in the trust account and amounts for services already provided to customers are paid to the Corporation on a monthly basis. The balance in the trust account should be not lower than the amount of outstanding gift certificates and gift cards. As of December 31, 2022, the Corporation's assets in the trust account amounted to \$107,896 thousand (included in other financial assets).

28. OTHER ITEMS

Due to the impact of the COVID-19 pandemic which has evolved globally and currently in Taiwan, some of the Corporation's subsidiaries, clients and suppliers in certain locations are subject to quarantine and traveling restriction policies. The Corporation has considered the overall operating and financial impacts to be immaterial. There is no doubt on the Corporation's ability to continue as a going concern, and there is no impairment of assets or financing risk recognized.

29. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary item			
USD	\$ 1,985	30.71	\$ 60,967
Non-monetary item			
Investment accounted for using equity method			
USD	215,018	30.71	6,603,194
<u>Financial liabilities</u>			
Monetary item			
USD	2,189	30.71	67,226

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary item			
USD	\$ 3,376	27.68	\$ 93,456
Non-monetary item			
Investment accounted for using equity method			
USD	234,107	27.68	6,480,076
<u>Financial liabilities</u>			
Monetary item			
USD	2,185	27.68	60,471

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

Foreign Currency	For the Year Ended December 31			
	2022		2021	
	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	30.71	\$ 290	27.68	\$ (38)

30. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and b. information on investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (None)
- 10) Information on investees (Table 7)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 5):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
 - c) The amount of property transactions and the amount of the resultant gains or losses
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

- f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

TABLE 1

SYSTEX CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 21)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
0	Systex Corporation	Systex Software & Service Corporation	Receivables from related parties	Y	\$ 800,000	\$ -	\$ -	-	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,813,632	\$ 5,627,264	(Note 3)
		Systex Solutions Corporation	Receivables from related parties	Y	300,000	-	-	-	Short-term financing	-	Operating capital	-	-	-	2,813,632	5,627,264	(Note 4)
		Concord System Management Corporation	Receivables from related parties	Y	500,000	500,000	-	2.00	Short-term financing	-	Operating capital	-	-	-	2,813,632	5,627,264	(Note 5)
1	Systex Group (China) Ltd.	Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	135,276	132,282	13,228	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,813,632	5,627,264	(Note 6)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	225,460	220,470	88,188	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,813,632	5,627,264	(Note 7)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	22,546	22,047	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,813,632	5,627,264	(Note 8)
		Systex Ucom (Shanghai) Information Ltd. Co.	Receivables from related parties	Y	225,460	220,470	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,813,632	5,627,264	(Note 9)
2	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	270,552	264,564	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,813,632	5,627,264	(Note 10)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	45,092	44,094	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,813,632	5,627,264	(Note 11)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	45,092	44,094	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,813,632	5,627,264	(Note 12)
3	Systex Rainbow Tech Inc.	Systex Group (China) Ltd.	Receivables from related parties	Y	90,184	88,188	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,813,632	5,627,264	(Note 13)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	45,092	44,094	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,813,632	5,627,264	(Note 14)
4	Sysware Shenglong Information Systems Co., Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	45,092	44,094	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,813,632	5,627,264	(Note 15)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	45,092	44,094	44,094	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,813,632	5,627,264	(Note 16)
5	Syspower Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	160,000	160,000	160,000	2.00	Short-term financing	-	Operating capital	-	-	-	197,749	197,749	(Note 17)
6	Concord System Management Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	70,000	70,000	-	2.00	Business Relations	233,321	Operating capital	-	-	-	233,321	165,928	(Note 18)
7	Syscore Corporation	Concord System Management Corporation	Receivables from related parties	Y	150,000	150,000	150,000	2.00	Short-term financing	-	Operating capital	-	-	-	1,267,435	1,267,435	(Note 19)
8	Syslink Corporation	Concord System Management Corporation	Receivables from related parties	Y	150,000	150,000	150,000	2.00	Short-term financing	-	Operating capital	-	-	-	481,248	481,248	(Note 20)

Note 1: Loans to individual company shall not exceed 20% of the lender's net equity, except for 40% net equity of Syspower Corporation, Syscore Corporation and Syslink Corporation and the amount of business relations between the company and Concord System Management Corporation. If it is for short-term financing between foreign companies in which the Corporation holds a 100% interest, the financing limit is not subject to the prior limitation but shall not exceed 20% of the Corporation's net equity.

Note 2: Total loans shall not exceed 40% of the lender's net equity. If it is for short-term financing between foreign companies in which the Corporation holds a 100% interest, the total loans are not subject to the prior limitation but shall not exceed 40% of the Corporation's net equity.

Note 3: The highest balance for the period is NT\$800,000 thousand.

Note 4: The highest balance for the period is NT\$300,000 thousand.

Note 5: The highest balance for the period is NT\$500,000 thousand. The ending balance is NT\$500,000 thousand, which has not been withdrawn.

(Continued)

Note 6: The highest balance for the period is NT\$135,276 thousand (RMB30,000 thousand). The ending balance is NT\$132,282 thousand (RMB30,000 thousand), including NT\$119,054 thousand (RMB27,000 thousand) which has not been withdrawn.

Note 7: The highest balance for the period is NT\$225,460 thousand (RMB50,000 thousand). The ending balance is NT\$220,470 thousand (RMB50,000 thousand), including NT\$132,282 thousand (RMB30,000 thousand) which has not been withdrawn.

Note 8: The highest balance for the period is NT\$22,546 thousand (RMB5,000 thousand). The ending balance is NT\$22,047 thousand (RMB5,000 thousand) which has not been withdrawn.

Note 9: The highest balance for the period is NT\$225,460 thousand (RMB50,000 thousand). The ending balance is NT\$220,470 thousand (RMB50,000 thousand) which has not been withdrawn.

Note 10: The highest balance for the period is NT\$270,552 thousand (RMB60,000 thousand). The ending balance is NT\$264,564 thousand (RMB60,000 thousand) which has not been withdrawn.

Note 11: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 12: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 13: The highest balance for the period is NT\$90,184 thousand (RMB20,000 thousand). The ending balance is NT\$88,188 thousand (RMB20,000 thousand) which has not been withdrawn.

Note 14: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 15: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 16: The highest balance for the period is NT\$45,092 thousand (RMB10,000 thousand). The ending balance is NT\$44,094 thousand (RMB10,000 thousand) which has been withdrawn.

Note 17: The highest balance for the period is NT\$160,000 thousand. The ending balance is NT\$160,000 thousand which has been withdrawn.

Note 18: The highest balance for the period is NT\$70,000 thousand. The ending balance is NT\$70,000 thousand which has not been withdrawn.

Note 19: The highest balance for the period is NT\$150,000 thousand. The ending balance is NT\$150,000 thousand which has been withdrawn.

Note 20: The highest balance for the period is NT\$150,000 thousand. The ending balance is NT\$150,000 thousand which has been withdrawn.

Note 21: The ending balance of actual amount borrowed has been eliminated in the consolidated financial statements.

(Concluded)

TABLE 2

SYSTEX CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 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	\$ 3,517,040	\$ 402,688	\$ 383,875	\$ 85,619	\$ -	2.73	\$ 7,034,080	Y	N	N	(Notes 2 and 3)
		Systex Group (China) Ltd.	b	3,517,040	1,819,322	1,759,086	643,493	-	12.50	7,034,080	Y	N	Y	(Notes 2 and 3)
		Systek Information (Shanghai) Ltd.	b	3,517,040	16,108	15,355	-	-	0.11	7,034,080	Y	N	Y	(Notes 2 and 3)
		Systex Rainbow Tech Inc.	b	3,517,040	48,323	46,065	-	-	0.33	7,034,080	Y	N	Y	(Notes 2 and 3)
		Systex Ucom (Shanghai) Information Ltd. Co.	b	3,517,040	135,276	132,282	39,949	-	0.94	7,034,080	Y	N	Y	(Notes 2 and 3)
		Systex Software & Service Corporation	b	3,517,040	1,000,000	1,000,000	572,603	-	7.11	7,034,080	Y	N	N	(Notes 2 and 3)
1	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	d	862,647	225,460	220,470	65,603	220,470	51.11	862,647	N	N	Y	(Notes 4 and 5)

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

- 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.

TABLE 3

SYSTEX CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Controlling company - Systex Corporation	<u>Ordinary shares</u>							
	GCH Systems		Financial assets at FVTPL - non-current	56,226	\$ -	0.74	\$ -	
	Taiwan Futures Exchange Corporation		"	15,718,664	1,475,146	3.28	1,475,146	
	Saho Corporation		"	795,895	-	1.79	-	
	Far Eastern Electronic Toll Collection Co., Ltd.		"	25,263,076	221,039	8.42	221,039	
	Sysjust Co., Ltd.		"	1,108,592	20,819	4.22	20,819	
	3Probe Technologies Co., Ltd.		"	300,000	1,956	6.42	1,956	
	Da Ho Marketing Co., Ltd.		"	1,260,000	10,981	14.63	10,981	
	Princo Co., Ltd.		"	808,415	-	0.20	-	
	Wegoluck Co., Ltd.		"	471,700	-	3.20	-	
	Yankey Inc.		"	150,000	-	3.57	-	
	Germini Data Inc.		"	3,404,000	-	1.54	-	
	Prudence Capital Management Co., Ltd.		Financial assets at FVTOCI - non-current	52,184	743	0.50	743	
	Alpha Core Philosophy Co., Ltd.		"	555,560	15,000	1.75	15,000	
	iSpan International Inc.		"	600,000	8,880	6.12	8,880	
	Firstweb Limited.		"	164,500	23,030	2.58	23,030	
	Ennoconn Corporation		"	5,000	1,017	-	1,017	
	<u>Preference shares</u>							
	Gemini Data, Inc.		Financial assets at FVTOCI - non-current	7,720,167	-	3.50	-	
	<u>Mutual funds</u>							
	Capital Money Market Fund		Financial assets at FVTPL - current	11,600,930	190,080	-	190,080	
	Taishin Ta Chong Money Market Fund		"	13,174,412	190,121	-	190,121	
	Yuanta De-Li Money Market Fund		"	5,735,295	95,030	-	95,030	
	FSITC Money Market Fund		"	525,123	95,073	-	95,073	
	Fubon Chi-Hsiang Money Market Fund		"	5,976,083	95,076	-	95,076	
	UPAMC James Bond Money Market Fund		"	11,218,908	190,118	-	190,118	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Ching Pu Investment Corporation	<u>Ordinary shares</u>	Parent company	Financial assets at FVTOCI - non-current	10,981,476	\$ 763,213	4.03	\$ 763,213	(Note 2)
	Systex Corporation		Financial assets at FVTPL - current	2,634,148	165,951	2.65	165,951	
	Castles Technology Co., Ltd.		Financial assets at FVTPL - non-current	1,177,629	-	6.57	-	
	Enova Technology Corp.		"	8,558,064	-	2.08	-	
	Princo Co., Ltd.		"	1,276,448	23,971	4.85	23,971	
	Sysjust Co., Ltd.		"	28,964	-	0.04	-	
	Jasper Display Corp.		"	64,063	-	0.37	-	
	Axtronics Inc.		"	111,829	-	0.22	-	
	Universal EC Inc.		"	326,000	-	0.54	-	
	Taiwan Electronic Packaging Co., Ltd.							
	<u>Mutual funds</u>							
	Fuh Hwa Lengend Fund VI		Financial assets at FVTPL - current	3,000,000	63,930	-	63,930	
	PGIM Prudential Financial Money Market Fund		"	2,048,677	32,915	-	32,915	
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund-TWD (A)		"	1,000,000	9,958	-	9,958	
Subordinate company - Taiwan Information Service	<u>Ordinary shares</u>		Financial assets at FVTPL - non-current	80,000	-	13.11	-	
	Changzhou Xinguotai Information Equipment Co., Ltd.		"	630,000	-	4.50	-	
	Taione International Ltd.		"	-	-	5.06	-	
	Drpacific-Greater China, Inc.							
Subordinate company - Golden Bridge Corporation	<u>Mutual funds</u> FSITC Money Market Fund		Financial assets at FVTPL - current	168,522	30,511	-	30,511	
Subordinate company - Taifon Computer Co., Ltd.	<u>Mutual funds</u>		Financial assets at FVTPL - current	332,040	60,116	-	60,116	
	FSITC Money Market Fund		"	2,798,735	40,389	-	40,389	
	Taishin Ta-Chong Money Market Fund		"	2,578,672	42,598	-	42,598	
	Hua Nan Phoenix Money Market Fund		"	1,557,186	25,019	-	25,019	
Subordinate company - Softmobile Technology Corporation	<u>Mutual funds</u>		Financial assets at FVTPL - current	2,875,982	47,123	-	47,123	
	Capital Money Market Fund							
Subordinate company - Nexsys Corporation	<u>Mutual funds</u>		Financial assets at FVTPL - current	1,961,598	30,150	-	30,150	
	Yuanta Wan Tai Money Market Fund		"	2,009,489	30,285	-	30,285	
	Jih Sun Money Market Fund		"	2,880,287	35,144	-	35,144	
	Yuanta De-Bao Money Market Fund		"	5,574,867	92,372	-	92,372	
Subordinate company - Nexsys Corporation	Yuanta De-Li Money Market Fund							

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Hanmore Investment Corporation	<u>Ordinary shares</u>	Parent company	Financial assets at FVTOCI - non-current	21,316,678	\$ 1,481,509	7.83	\$ 1,481,509	(Note 2)
	System Corporation		Financial assets at FVTPL - non-current	1,196,371	10,610	4.68	10,610	
	Monterey International Corp.		"	1,840,046	-	9.87	-	
	Enova Technology Corp.		"	3,910,646	-	5.83	-	
	NITS Technology Inc.							
	<u>Mutual funds</u>		Financial assets at FVTPL - current	1,163,323	16,110	-	16,110	
	PineBridge Taiwan Market Fund		"	968,720	8,615	-	8,615	
Subordinate company - Systex Capital Group, Inc.	<u>Ordinary shares</u>		Financial assets at FVTPL - non-current	1,000,000	-	2.22	-	
	Com2B Corp.		"	1,500,000	-	4.41	-	
	Techgains International Corp.		"	1,109,468	-	3.30	-	
	Tradetrek.com Inc.		"	279,919	-	0.24	-	
	Sipix Technology Limited		Financial assets at FVTPL - current	4,000	101	0.07	101	
	Falcon Stor Software Inc.		Financial assets at FVTOCI - non-current	-	162,624	2.91	162,624	
	MagiCapital Fund II, L.P.							
	<u>Preference shares</u>		Financial assets at FVTPL - non-current	3,000,000	-	4.96	-	
	Techgains Pan-Pacific Corporation		"	73,703	-	0.74	-	
	CipherMax		"	333,333	-	1.38	-	
	Tonbu Inc.		Financial assets at FVTOCI - non-current	25,611,876	46,065	16.11	46,065	
	Gemini Data, Inc.							
	<u>Other</u>		Financial assets at FVTOCI - non-current	2,500,000	-	4.20	-	
	Current Ventures II Limited							
	<u>Mutual funds</u>		Financial assets at FVTPL - current	34,096	21,466	-	21,466	
	GS Japan Equity Partners Portfolio Class P (ACC) (USD-HEDGED)		"	30,284	25,445	-	25,445	
	GS US Core SM Equity Portfolio P (ACC) (SNAP) Shares		"	44,408	26,662	-	26,662	
	GS GMS Global Equity Portfolio Mutual Fund		"	33,745	24,647	-	24,647	
	Wellington Strategic European Equity Portfolio D USD Acc (Hedged)		"	13,450	73,787	-	73,787	
	Unit Nomura Funds Ireland PLC A/US High Yield Bond							

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	PIMCO Global High Yield Bond		Financial assets at FVTPL - current	145,719	\$ 111,473	-	\$ 111,473	
	RBC Funds (LUX) Global Equity Focus Fund A USD ACC		"	4,416	24,368	-	24,368	
	JSS USD HIGH YIELD FUND		"	9,589	35,719	-	35,719	
	BLACKROCK BGF CHINA A-SHARE OPPORTUNITIES CLASS A SHARES		"	32,816	11,317	-	11,317	
	GS Emerging Markets Broad Equity Portfolio (ACC) Shares		"	22,011	10,586	-	10,586	
	GS Multi-manager US Equity Mutual Fund		"	28,786	25,097	-	25,097	
	Goldman Sachs High Yield Floating Rate Portfolio Fund		"	7,257	29,821	-	29,821	
	BLACKROCK BGF CONTINENTAL EUROPEAN FLEXIBLE FUND		"	22,116	13,054	-	13,054	
	GS Multi-manager US Small Cap Equity Fund		"	30,427	12,054	-	12,054	
	GS Asia Equity Portfolio Fund		"	21,027	11,559	-	11,559	
	Vulcan Value Equity Fund USD Accumulating Class		"	1,719	7,939	-	7,939	
Subordinate company - Naturint Corporation	<u>Mutual funds</u> Union Money Market Fund		Financial assets at FVTPL - current	1,147,614	15,396	-	15,396	
Subordinate company - Syscore Corporation	<u>Ordinary shares</u> Far Eastern Electronic Toll Collection Co., Ltd. Jetwell Computer Co., Ltd. GrandTech C.G. Systems Inc.		Financial assets at FVTPL - non-current	7,716,831	67,518	2.57	67,518	
			Financial assets at FVTPL - current	72,000	3,730	0.18	3,730	
			Financial assets at FVTOCI - non-current	600,000	32,160	0.97	32,160	
	<u>Preference shares</u> Taiwania Capital Buffalo Fund Preference Shares - Class A		Financial assets at FVTPL - non-current	92,600,000	85,734	2.15	85,734	
	<u>Limited partnership</u> Digital-Economy limited partnership		Financial assets at FVTPL - non-current	-	39,703	6.29	39,703	
	<u>Mutual funds</u> Allianz Global Investors Taiwan Money Market Fund		Financial assets at FVTPL - current	4,200,734	53,498	-	53,498	
	Allianz Global Investors US Short Duration High Income Bond Fund		"	3,000,000	30,944	-	30,944	
	Fuh Hwa Lengend Fund VI		"	19,702,970	419,870	-	419,870	
	Fuh Hwa Money Market Fund		"	3,429,207	50,160	-	50,160	
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund-TWD (A)		"	2,000,000	19,916	-	19,916	
	Yuanta Wan Tai Money Market Fund		"	729,523	11,212	-	11,212	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Syslink Corporation	<u>Corporate bond</u> Nan Shan Life Insurance Company, Ltd. 1st Perpetual Unsecured Subordinate Corporate Bond Issue in 2016		Financial assets at amortized cost - non-current	-	\$ 503,684	-	\$ 503,684	(Note 3)
	<u>Ordinary shares</u> Onward Security Corporation		Financial assets at FVTPL - non-current	6,630,000	8,364	11.02	8,364	
	Caloudi Corporation		Financial assets at FVTOCI - non-current	1,225,000	26,342	19.68	26,342	
Subordinate company - Syswiser Technology Corporation	<u>Mutual funds</u> Yuanta Wan Tai Money Market Fund		Financial assets at FVTPL - current	145,905	2,242	-	2,242	
	<u>Mutual funds</u> UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	654,135	11,085	-	11,085	
	TCB Money Market Fund		"	1,365,015	14,060	-	14,060	
Subordinate company - Smartsys Technology Corporation	<u>Mutual funds</u> UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	100,612	1,705	-	1,705	
	<u>Mutual funds</u> Mega Diamond Money Market Fund		Financial assets at FVTPL - current	4,346,934	55,405	-	55,405	
	Taishin 1699 Money Market Fund		"	3,664,883	50,448	-	50,448	
Subordinate company - Top Information Co., Ltd.	<u>Mutual funds</u> Mega Diamond Money Market Fund		Financial assets at FVTPL - current	4,346,934	55,405	-	55,405	
	Taishin 1699 Money Market Fund		"	3,664,883	50,448	-	50,448	
	<u>Ordinary shares</u> ISHARES A50 (2823.HK)		Financial assets at FVTPL - current	392,000	21,627	-	21,627	
Subordinate company - Kimo.com (BVI) Corporation	CSOP A50 (2822.HK)		"	397,000	20,950	-	20,950	
	<u>Mutual funds</u> ALLIANZ INCOME AND GROWTH-CLASS AT ACC (USD)		Financial assets at FVTPL - current	41,771	26,182	-	26,182	
	ALLIANZ GLOBAL ARTIFICIAL INTELLIGENCE-CLASS AT ACC (USD)		"	15,768	8,237	-	8,237	
	ALLIANZ TOTAL RETURN ASIAN EQUITY-CLASS A DIS (USD)		"	10,167	10,107	-	10,107	
	ALLIANZ CHINA A SHARES SHS-AT (USD)		Financial assets at FVTPL - current	75,810	28,496	-	28,496	
	<u>Other</u> New Economy Ventures L.P		Financial assets at FVTPL - non-current	-	75,087	14.73	75,087	
	<u>Preference shares</u> XREX Inc.		Financial assets at FVTOCI - non-current	254,148	11,056	0.96	11,056	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Syslong Corporation	<u>Ordinary shares</u> SMY Internet of Package Co., Ltd.		Financial assets at FVTOCI - non-current	234,568	\$ 15,716	19.00	\$ 15,716	
	<u>Mutual funds</u> Fubon Chi-Hsiang Money Market Fund		Financial assets at FVTPL - current	15,589,282	248,016	-	248,016	
Subordinate company - Systex Solutions Corporation	<u>Mutual funds</u> FSITC Money Market Fund		Financial assets at FVTPL - current	331,657	60,046	-	60,046	
	Union Money Market Fund		"	752,483	10,095	-	10,095	
	SinoPac TWD Money Market Fund		"	2,832,099	40,002	-	40,002	
	Yuanta Wan Tai Money Market Fund		"	1,632,088	25,084	-	25,084	
Subordinate company - MISYS Corporation	<u>Mutual funds</u> TCB Taiwan Money Market Fund		Financial assets at FVTPL - current	9,238,549	95,155	-	95,155	
Subordinate company - Docutek Solutions, Inc.	<u>Mutual funds</u> JPMorgan Funds - US Technology Fund A (ACC) - USD		Financial assets at FVTPL - current	906	1,526	-	1,526	
Subordinate company - Systex Software & Service Corporation	<u>Mutual funds</u> SinoPac TWD Money Market Fund		Financial assets at FVTPL - current	5,664,038	80,002	-	80,002	
Subordinate company - Concord System Management Corporation	<u>Mutual funds</u> UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	4,130,720	70,000	-	70,000	

Note 1: The securities mentioned in this table above are those classified as financial instruments under IFRS 9, including shares, bonds, mutual funds, and all other securities derived from those items.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 3: The carrying amount includes the unamortized bond premium of \$3,684 thousand generated from acquiring the bonds from the Corporation and Ching Pu Investment Corporation. In preparing the consolidated financial statements, the amount has been eliminated.

Note 4: Refer to Tables 7 and 8 for information on investment in subsidiaries and associates.

(Concluded)

TABLE 4

SYSTEX CORPORATION

**MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount (Note 1)	Number of Shares	Amount	Number of Shares	Amount	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	-	\$ -
	Capital Money Market Fund	Financial assets at FVTPL - current	-	-	9,210,164	150,049	23,214,480	380,000	20,823,714	340,397	340,049	348	11,600,930	190,000
	Taishin Ta-Chong Money Market Fund	Financial assets at FVTPL - current	-	-	13,387,966	192,068	26,378,818	380,000	26,592,372	382,447	382,068	379	13,174,412	190,000
	Yuanta De-Li Money Market Fund	Financial assets at FVTPL - current	-	-	14,578,709	240,034	16,962,141	280,000	25,805,555	425,311	425,034	277	5,735,295	95,000
	FSITC Money Market Fund	Financial assets at FVTPL - current	-	-	527,166	95,000	3,351,448	605,000	3,353,491	605,197	605,000	197	525,123	95,000
	UPAMC James Bond Money Market Fund	Financial assets at FVTPL - current	-	-	8,896,596	150,053	22,468,574	380,000	20,146,262	340,485	340,053	432	11,218,908	190,000
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	29,198,263	420,000	34,076,414	490,415	490,000	415	-	-
	Mega Diamond Money Market Fund	Financial assets at FVTPL - current	-	-	8,678,700	109,997	32,319,004	410,000	40,997,704	520,158	519,997	161	-	-
	SinoPac TWD Money Market Fund	Financial assets at FVTPL - current	-	-	7,120,833	100,000	46,883,021	660,000	48,339,816	680,475	680,000	475	5,664,038	80,000
Subordinate company - Kimo.com (BVI) Corporation	<u>Ordinary shares</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>Ordinary shares</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)
Subordinate company - Syscore Corporation	<u>Ordinary shares</u> Syslink Corporation	Investments accounted for using equity method	-	Subsidiary	65,000,000	650,000	75,000,000	750,000	-	-	-	-	140,000,000	1,400,000 (Note 2)

Note 1: Financial assets at fair value through profit or loss and investments accounted for using equity method are measured at acquisition costs.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

TABLE 5

SYSTEX CORPORATION

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Buyer/Seller	Related Party	Relationship (Note)	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchase/ Sale	Amount (Note)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% of Total
Controlling company - Systex Corporation	Systex Software & Service Corporation Syspower Corporation Dawning Technology Inc. Palsys Digital Technology Corporation Docutek Solutions, Inc.	Subsidiary	Sale	\$ (111,376)	2	78 days after transaction month	\$ -	-	\$ 28,568	1
			Purchase	1,022,212	19	78 days after transaction month	-	-	(675,288)	32
			Purchase	109,568	2	78 days after transaction month	-	-	(10,080)	-
			Purchase	155,016	3	78 days after transaction month	-	-	(41,175)	2
			Purchase	138,212	3	78 days after transaction month	-	-	(27,009)	1
			Purchase	222,665	4	78 days after transaction month	-	-	(5,503)	-
Subordinate company - Systex Software & Service Corporation	Systex Corporation	Parent company	Purchase	111,376	1	78 days after transaction month	-	-	(28,568)	3
			Sale	(1,022,212)	11	78 days after transaction month	-	-	675,288	40
Subordinate company - Concord System Management Corporation	Palsys Digital Technology Corporation	Associate	Purchase	190,488	12	78 days after transaction month	-	-	(9,968)	4
Subordinate company - Syspower Corporation	Systex Corporation	Parent company	Sale	(109,568)	46	78 days after transaction month	-	-	10,080	17
Subordinate company - Dawning Technology Inc.	Systex Corporation	Parent company	Sale	(155,016)	4	78 days after transaction month	-	-	41,175	4
Subordinate company - Palsys Digital Technology Corporation	Systex Corporation Concord System Management Corporation	Parent company	Sale	(138,212)	10	78 days after transaction month	-	-	27,009	11
		Associate	Sale	(190,488)	14	78 days after transaction month	-	-	9,968	4
Subordinate company - Docutek Solutions, Inc.	Systex Corporation	Parent company	Sale	(222,665)	72	78 days after transaction month	-	-	5,503	18

(Continued)

Buyer/Seller	Related Party	Relationship (Note)	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchase/ Sale	Amount (Note)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% of Total
Subordinate company - Systex Group (China) Ltd.	Systex Ucom (Shanghai) Information Ltd. Co.	Associate	Purchase	\$ 295,692	12	120 days after transaction month	\$ -	-	\$ (21,743)	3
Subordinate company - Systex Ucom (Shanghai) Information Ltd. Co.	Systex Group (China) Ltd.	Associate	Sale	(295,692)	86	120 days after transaction month	-	-	21,743	34
Subordinate company - Rainbow Tech Information (HK) Ltd.	Systex Information (HK) Ltd.	Associate	Purchase	176,706	79	30 days after transaction month	-	-	(21,153)	77
Subordinate company - Systex Information (HK) Ltd.	Rainbow Tech Information (HK) Ltd.	Associate	Sale	(176,706)	15	30 days after transaction month	-	-	21,153	8

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

(Concluded)

TABLE 6

SYSTEX CORPORATION

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
<u>Subordinate company</u> Systex Software & Service Corporation	Systex Corporation	Parent company (Note)	\$ 678,472	2.27	\$ -	-	\$ 25,034	\$ -

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

TABLE 7

SYSTEX CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Systex Corporation	Systex Infopro Co., Ltd.	Thailand	Sale of computer and peripheral equipment	\$ 2,200	\$ 2,200	20,000	20.00	\$ 3,655	\$ 25,031	\$ 3,498	-
	Hanmore Investment Corporation	Taiwan	General investment activities	47,125	47,125	9,640,680	48.92	20,291	88,857	(329)	Subsidiary (1, 3)
	Ching Pu Investment Corporation	Taiwan	General investment activities	50,472	50,472	38,437,500	100.00	587,013	76,054	30,654	Subsidiary (2, 3)
	Concord System Management Corporation	Taiwan	Design, assessment and planning of computer system and application software and data-processing system, sale and lease of computer hardware, peripheral equipment and spare parts, and repairs and maintenance services	485,393	485,393	23,113,372	100.00	413,179	72,548	71,849	Subsidiary (3)
	Systemweb Technologies Co.	Taiwan	Data storage media units manufacturing, installation of computer, and sale and development of computer software	86,950	86,950	3,245,000	32.45	54,756	6,391	2,094	-
	Taifon Computer Co., Ltd.	Taiwan	Design of computer hardware and software equipment system, computer room installation, and maintenance, sale, lease and consultation	220,310	220,310	20,000,000	100.00	319,583	53,623	53,739	Subsidiary (3)
	Sanfran Technologies Inc.	Taiwan	Maintenance and warranty of equipment of internet and information security, and consultation on network infrastructure and information security	20,067	20,067	2,518,989	12.26	54,313	122,849	16,426	-
	Golden Bridge Corporation	Taiwan	General investment activities	230,000	230,000	23,000,000	100.00	309,089	52,441	52,441	Subsidiary (3)
	Systex Software & Service Corporation	Taiwan	Sale and development of computer software, data-processing services	450,000	450,000	54,450,000	100.00	1,249,158	506,500	506,201	Subsidiary (3)
	Syspower Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	15,195	15,195	1,096,200	4.50	22,136	80,962	3,781	Subsidiary (3)
	Systex Solutions Corporation	Taiwan	Design, construction and sale of telecom instrument, electronic calculator and computer	260,000	260,000	26,000,000	100.00	317,688	37,968	37,606	Subsidiary (3)
	Nexsys Corporation	Taiwan	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	290,500	415,000	13,996,500	70.00	268,672	78,957	68,583	Subsidiary (3)
	Systex Capital Group, Inc.	British Virgin Island	Investment activities including financial trust and holding	91,695	91,695	550	100.00	2,458,889	(194,681)	(194,441)	Subsidiary (3)
	Kimo.com (BVI) Corporation	British Virgin Island	Investment activities including financial trust and holding	13,185	13,185	500,000	100.00	4,144,305	(98,840)	(97,831)	Subsidiary (3)
	Naturint Corporation	Taiwan	Installation, sale, information software, data processing and other consultation on computer software and related equipment, network certification and software publication	20,000	20,000	2,000,000	100.00	21,162	(72)	(72)	Subsidiary (3)
	FinRobo Advisor Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment advisor	16,500	16,500	1,016,293	30.00	-	(2,256)	(202)	-
	Mohist Web Technology Co.	Taiwan	Merchandise gift certificate automatic distribution system, in-time trust electronic (paper) ticket automated sales system, and integrated mobile payment platform	25,600	25,600	400,000	40.00	11,107	2,092	(141)	-
	Shengsen Cloud Technology	Taiwan	Information software service	10,800	10,800	905,084	30.00	3,505	(21,160)	(7,002)	-
	Retail System Co.	Taiwan	Manufacturing, processing, assembling and sale of business machinery equipment	24,000	24,000	780,000	30.00	26,649	336	(197)	-

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Ching Pu Investment Corporation	Frog-jump Information Co., Ltd.	Taiwan	Information software service	\$ 18,969	\$ 18,969	783,202	10.00	\$ 13,071	\$ 21,881	\$ 2,737	-
	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	-	(1,112)	-	-
	Genesis Technology Inc.	Taiwan	Wholesale of electronic apparatus, electronic equipment, computer and computer peripheral equipment, planning, analyzing and design of system, data processing, co-location and internet hosting services	798,172	798,172	23,081,693	27.97	992,878	321,740	63,033	-
	E-Service Information Corporation	Taiwan	Information software service, intellectual property rights, printing and data storage media manufacturing and copying	89,500	89,500	8,000,000	100.00	95,969	9,772	8,952	Subsidiary (3)
	Bao Ruh Electronic Co., Ltd.	Taiwan	Manufacturing and sale of 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	74,347	38,685	11,475	-
	Taiwan Information Service Technology Corporation	Taiwan	Installation, sale, information software, data processing and other consultation on computer software and related equipment	89,965	89,965	16,630	67.38	38,437	1,693	1,141	Subsidiary (3)
	Collaboration Co., Ltd.	Taiwan	General investment activities	200,015	200,015	6,160,000	44.55	207,101	36,799	13,558	-
	UniXecure Corporation	Taiwan	Design, construction and sale of telecom instrument, electronic calculator and computer	50,000	50,000	5,000,000	100.00	42,141	(6,707)	(7,774)	Subsidiary (3)
	Dawning Technology Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	-	-	-	-	-	41,184	10,519	Subsidiary (3)
	Docutek Solutions, Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	286,000	-	7,568,413	54.92	274,150	64,240	7,765	Subsidiary (3)
	MISYS Corporation	Taiwan	Information software service	100,000	-	10,000,000	100.00	99,737	(263)	(263)	Subsidiary (3)
	Taiwan Electronic Data Processing Corporation	Taiwan	Design, installation, maintenance, lease and consultation on computer software and hardware equipment system, computer room engineering, network equipment system integration, and wholesale and retailing of medical appliances	155,131	169,049	2,698,643	69.59	25,008	44	-	Subsidiary (3)
	Investment Media Ltd.	Taiwan	Magazine and book publishing	95,600	95,600	4,000,000	40.00	72,721	(105,665)	-	-
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	183,723	80,962	-	Subsidiary (3)
	Syspower Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	189,023	189,023	10,331,022	42.41	209,662	80,962	-	Subsidiary (3)
	Softmobile Technology Corporation	Taiwan	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	80,000	80,000	3,661,875	100.00	62,876	18,085	-	Subsidiary (3)

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Syscore Corporation	Syslink Corporation	Taiwan	General investment activities	\$ 1,400,000	\$ 650,000	140,000,000	100.00	\$ 1,203,121	\$ (7,580)	\$ -	Subsidiary (3)
	Syslong Corporation	Taiwan	General investment activities	250,000	250,000	25,000,000	100.00	266,012	6,785	-	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	54,695	37,980	-	-
	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	25,748	14,767	-	-
	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	136,801	321,740	-	-
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	12,522	(2,993)	-	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	6,386	(2,312)	-	Subsidiary (3)
	Dawning Technology Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	743,963	446,595	32,608,896	91.60	632,155	41,184	-	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	-	(5,150)	-	-
	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	11,709	(41,526)	-	-
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	212,700	13,715	-	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	683,368	64,889	-	Subsidiary (3)
	Systex Solutions (HK) Limited	Hong Kong	Investment activities including financial trust and holding	316,050	529,907	10,400,000	100.00	339,188	5,021	-	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	61,217	(5,023)	-	Subsidiary (3)
	Syscore Corporation	Taiwan	General investment activities	1,600,000	1,000,000	160,000,000	55.17	1,748,187	(182,355)	-	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	23,715	(1,810)	-	Subsidiary (3)
	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	92,410	(63,892)	-	-
	Aillumission Co., Ltd.	Japan	Mobile Network Construction, ICT infrastructure Construction, DX/ICT solution services, AI consultations	106,435	-	200	20.00	114,624	44,164	-	-

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Systex Capital Group, Inc.	Syscore Corporation	Taiwan	General investment activities	\$ 1,300,000	\$ 1,000,000	130,000,000	44.83	\$ 1,420,402	\$ (182,355)	\$ -	Subsidiary (3)
Dawning Technology Inc.	Neo Trend Tech Corporation	Taiwan	Cable installation engineering, other computer-related service, circuit engineering, and wireless communication service	20,000	20,000	2,000,000	25.00	13,824	3,982	-	-
Syspower Corporation	Palsys Digital Technology Corporation	Taiwan	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	193,500	193,500	21,788,100	79.26	261,301	42,204	-	Subsidiary (3)
Systex Software & Service Corporation	Smartsys Technology Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	15,000	15,000	1,500,000	50.00	12,522	(2,993)	-	Subsidiary (3)
Docutek Solutions, Inc.	ANSecurity Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	10,000	10,000	2,674,443	100.00	48,192	9,801	-	Subsidiary (3)
ANSecurity Inc.	Docutek Services Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	5,800	5,800	3,432,551	100.00	45,542	10,352	-	Subsidiary (3)

Note 1: The carrying amount deducts the reclassification of the Corporation's shares held by the subsidiary from equity-method investments into treasury share of \$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 8 for information on investments in Mainland China.

(Concluded)

TABLE 8

SYSTEX CORPORATION

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Changzhou 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	4,374	100.00	4,374	442,422	-	Subsidiary (Note 2)
Sysware Shenglong Information Systems Co., Ltd.	Design of computer system, information processing service provider, retailing of computer and peripheral equipment	181,489	b	181,489	-	-	181,489	(45,566)	100.00	(45,566)	58,803	-	Subsidiary (Note 2)
Systex Group (China) Ltd.	Management consultation, marketing and sale, and capital and operation financial management	292,700	b	292,700	-	-	292,700	18,908	100.00	18,908	103,538	-	Subsidiary (Note 2)
Systex Rainbow Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	20,276	100.00	20,276	300,337	-	Subsidiary (Note 2)
Systex Ucom (Shanghai) Information Ltd. Co.	Software design and data processing, retailing and service of software	-	b	-	-	-	-	2,451	100.00	2,451	40,546	-	Subsidiary (Note 2)
Sunlight-tech Inc.	Manufacture of Internet-related software and hardware systems, video service systems, audio and video on-demand systems, multimedia and network video equipment	551,210	b	220,484	-	-	220,484	-	40.00	-	-	-	
Shanghai Mudao Financial Information Service Co., Ltd.	Financial information services, computer software development and technology development, technology transfer, technology consulting, technical services, consulting and research in market information, asset management, supply chain management, investment management, investment consulting, business information consulting, financial consulting in the fields of computer technology, information technology and data technology.	14,504	b	-	-	-	-	(1,119)	29.62	(612)	-	-	
Systex Rainbow (Guangzhou) Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	(368)	100.00	(368)	3,301	-	Subsidiary (Note 2)

Accumulated Investment in Mainland China as of December 31, 2022	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$1,695,956	\$1,695,956	\$8,440,896

(Continued)

Note 1: The methods of investment are as follows:

- a. Investment in China through remittances from third regions.
- b. Reinvestment in China through the third region investment companies.

Note 2: In preparing the consolidated financial statements, the transaction has been eliminated.

(Concluded)

TABLE 9**SYSTEX CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hanmore Investment Corporation (Hanmore)	21,316,678	7.83
Joray Co., Ltd.	21,072,559	7.74

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

SYSTEX CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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Statement of changes in financial assets at fair value through profit or loss - non-current	4
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Major Accounting Items in Profit or Loss	
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SYSTEX CORPORATION**STATEMENT OF CASH****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Amount
Cash on hand	\$ 224
Cash in banks	
Checking accounts and demand deposits	363,222
Foreign currency deposits (including US\$1,008,451.79 exchanged at US\$1:NT\$30.71, JPY169,876 exchanged at JPY1:NT\$0.23, HK\$7,336.36 exchanged at HK\$1:NT\$3.94, EUR7,108.83 exchanged at EUR1:NT\$32.72, SGD1,370.69 exchanged at SGD1:NT\$22.88 and RMB96,762 exchanged at RMB1:NT\$4.41)	<u>31,728</u>
	<u>\$ 395,174</u>

SYSTEX CORPORATION**STATEMENT OF ACCOUNTS RECEIVABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Client Name	Amount
A	\$ 852,843
Others (Note)	1,053,784
Less: Long-term receivables (less unrealized interest income of \$332 thousand)	6,773
Less: Loss allowance	<u>10,074</u>
	<u>\$ 1,889,780</u>

Note: The amount of individual client included in others does not exceed 5% of the account balance.

SYSTEX CORPORATION**STATEMENT OF INVENTORIES****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Merchandise	\$ 1,430,392	\$ 1,512,685
Maintenance parts	<u>12,923</u>	<u>6,788</u>
	1,443,315	<u>\$ 1,519,473</u>
Less: Write-down of inventories	<u>33,609</u>	
	<u>\$ 1,409,706</u>	

SYSTEX CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FVTPL - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name of Securities	Balance, January 1, 2022		Increase in Investment		Decrease in Investment		Balance, December 31, 2022		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount		
Taiwan Futures Exchange	13,788,302	\$ 1,151,753	1,930,362	\$ 323,393	-	\$ -	15,718,664	\$ 1,475,146	None	1
Far Eastern Electronic Toll Collection Co., Ltd.	25,263,076	211,491	-	9,548	-	-	25,263,076	221,039	"	2
SysJust Co., Ltd.	1,108,592	20,922	-	-	-	103	1,108,592	20,819	"	3
Da Ho Marketing Co., Ltd.	1,260,000	10,853	-	128	-	-	1,260,000	10,981	"	4
3Probe Technologies Corp.	300,000	2,521	-	-	-	565	300,000	1,956	"	5
Gemini Data	3,404,000	-	-	-	-	-	3,404,000	-	"	-
Saho Corporation	795,895	-	-	-	-	-	795,895	-	"	-
GCH System	56,226	-	-	-	-	-	56,226	-	"	-
WeGoLuck Co., Ltd.	471,700	-	-	-	-	-	471,700	-	"	-
Princo Corp.	808,415	-	-	-	-	-	808,415	-	"	-
Yankey Information Co., Ltd.	150,000	-	-	-	-	-	150,000	-	"	-
		<u>\$ 1,397,540</u>		<u>\$ 333,069</u>		<u>\$ 668</u>		<u>\$ 1,729,941</u>		

Note 1: Increase in investment includes gain on fair value adjustments of \$323,393 thousand and distribution of share dividends of 1,930,362 shares.

Note 2: Increase in investment includes gain on fair value adjustments of \$9,548 thousand.

Note 3: Decrease in investment includes loss on fair value adjustments of \$103 thousand.

Note 4: Increase in investment includes gain on fair value adjustments of \$128 thousand.

Note 5: Decrease in investment includes loss on fair value adjustments of \$565 thousand.

SYSTEX CORPORATION

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee	Balance, January 1, 2022		Increase in 2022		Decrease in 2022		Investment Gain (Loss) and Impairment Loss (Note 24)	Balance, December 31, 2022			Net Assets Value (Note 25)	Note
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	%	Amount		
Unlisted corporation												
Kimo.com (BVI) Corporation	500,000	\$ 3,958,167	-	\$ 293,089	-	\$ 9,120	\$ (97,831)	500,000	100.00	\$ 4,144,305	\$ 4,145,372	1
Systex Capital Group Inc.	550	2,521,909	-	152,836	-	21,415	(194,441)	550	100.00	2,458,889	2,459,626	2
Systex Software & Service Corporation	54,450,000	1,161,042	-	4,447	-	422,532	506,201	54,450,000	100.00	1,249,158	1,253,924	3
Ching Pu Investment Corporation	30,750,000	583,088	7,687,500	56,300	-	83,029	30,654	38,437,500	100.00	587,013	1,351,706	4
Concord System Management Corporation	23,113,372	439,296	-	8,818	-	106,784	71,849	23,113,372	100.00	413,179	414,819	5
Nexsys Corporation	19,995,000	343,685	-	905	5,998,500	144,501	68,583	13,996,500	70.00	268,672	268,946	6
Systex Solutions Corporation	26,000,000	320,382	-	-	-	40,300	37,606	26,000,000	100.00	317,688	320,167	7
Taifon Computer Co., Ltd.	20,000,000	297,290	-	2,954	-	34,400	53,739	20,000,000	100.00	319,583	320,636	8
Golden Bridge Corporation	23,000,000	285,928	-	2,924	-	32,204	52,441	23,000,000	100.00	309,089	309,089	9
E-Service Information Co.	8,000,000	87,017	-	-	-	-	8,952	8,000,000	100.00	95,969	90,227	-
uniXecure Corporation	5,000,000	49,915	-	-	-	-	(7,774)	5,000,000	100.00	42,141	43,208	-
Taiwan Information Service Technology Co., Ltd.	16,630	40,356	-	-	-	3,060	1,141	16,630	67.38	38,437	38,437	10
Naturint Corporation	2,000,000	21,234	-	-	-	-	(72)	2,000,000	100.00	21,162	21,162	-
Syspower Corporation	1,096,200	20,028	-	169	-	1,842	3,781	1,096,200	4.50	22,136	22,247	11
Hanmore Investment Corporation	9,640,680	19,574	-	52,142	-	51,096	(329)	9,640,680	48.92	20,291	745,067	12
Etu Corporation	9,682,000	4,192	-	-	9,682,000	4,192	-	-	-	-	-	13
Dawning Technology Inc.	-	-	7,158,719	178,967	7,158,719	189,486	10,519	-	-	-	-	14
Docutek Solutions, Inc.	-	-	7,568,413	286,000	-	19,615	7,765	7,568,413	54.92	274,150	128,896	15
MISYS Corporation	-	-	10,000,000	100,000	-	-	(263)	10,000,000	100.00	99,737	99,737	16
Genesis Technology Inc.	20,072,498	936,852	3,009,195	13,053	-	20,060	63,033	23,081,693	27.97	992,878	1,188,707	17
Collaboration Co., Ltd.	6,160,000	202,008	-	-	-	8,465	13,558	6,160,000	44.55	207,101	133,516	18
Bao Ruh Electronic Co., Ltd.	4,339,500	62,872	-	-	-	-	11,475	4,339,500	29.72	74,347	74,347	-
Systemweb Technologies Co., Ltd.	3,245,000	54,934	-	-	-	2,272	2,094	3,245,000	32.45	54,756	54,756	19
Sanfran Technologies Inc.	2,518,989	52,522	-	521	-	15,156	16,426	2,518,989	12.26	54,313	54,313	20
Retail System Co., Ltd.	780,000	26,846	-	-	-	-	(197)	780,000	30.00	26,649	26,649	-
Mohist Web Technology Co., Ltd.	400,000	12,539	-	13	-	1,304	(141)	400,000	40.00	11,107	5,612	21
Frog-jump Information Co., Ltd.	683,202	12,079	100,000	-	-	1,745	2,737	783,202	10.00	13,071	13,071	22
Shengsen Cloud Technology	905,084	10,507	-	-	-	-	(7,002)	905,084	30.00	3,505	3,505	-
FinRobo Advisor Securities Investment Consulting Co., Ltd.	1,016,293	202	-	-	-	-	(202)	1,016,293	30.00	-	10,370	-
Gensys Technology International. Ltd.	8,000,000	-	-	-	-	-	-	8,000,000	33.60	-	21,755	-
Systex Infopro Co., Ltd.	20,000	-	-	167	-	10	3,498	20,000	20.00	3,655	3,656	23
		<u>\$ 11,524,464</u>		<u>\$ 1,153,305</u>		<u>\$ 1,212,588</u>	<u>\$ 657,800</u>			<u>\$ 12,122,981</u>	<u>\$ 13,623,523</u>	

Note 1: Increase in 2022 includes increase in capital surplus due to subsidiaries' share of changes in associates accounted for using equity method amounted to \$14,262 thousand, exchange differences of \$266,280 thousand, increase in retained earnings due to subsidiaries' disposal of financial instruments at FVTOCI amounted to \$5,136 thousand, gain on equity investments at FVTOCI amounted to \$7,398 thousand and remeasurement of defined benefit plans of \$13 thousand. Decrease in 2022 includes decrease in other equity due to subsidiaries' disposal of financial instruments at FVTOCI amounted to \$5,136 thousand and decrease in retained earnings due to subsidiaries' non-proportional subscription of investments accounted for using equity method amounted to \$3,984 thousand.

Note 2: Increase in 2022 includes exchange differences of \$148,650 thousand,. remeasurement of defined benefit plans of \$13 thousand and increase in retained earnings due to subsidiaries' disposal of financial instruments at FVTOCI amounted to \$4,173 thousand. Decrease in 2022 includes decrease in capital surplus due to subsidiaries' share of changes in associates accounted for using equity method amounted to \$12,232 thousand, loss on equity investments at FVTOCI amounted to \$1,026 thousand, decrease in other equity due to subsidiaries' disposal of financial instruments at FVTOCI amounted to \$4,173 thousand and decrease in retained earnings due to subsidiaries' non-proportional subscription of investments accounted for using equity method amounted to \$3,984 thousand.

Note 3: Increase in 2022 includes increase capital surplus due to the recognition of share-based payment costs amounted to \$4,447 thousand. Decrease in 2022 includes cash dividends received of \$422,532 thousand.

Note 4: Increase in 2022 includes increase in capital surplus due to cash dividends received by subsidiaries from the Corporation regarded as treasury share, which amounted to \$54,907 thousand, and increase in capital surplus due to subsidiaries' share of changes in associates accounted for using equity method amounted to \$1,393 thousand. Decrease in 2022 includes cash dividends received of \$83,025 thousand, and remeasurement of defined benefit plans of \$4 thousand.

(Continued)

Note 5: Increase in 2022 includes remeasurement of defined benefit plans of \$8,818 thousand. Decrease in 2022 includes cash dividends received of \$106,784 thousand.

Note 6: Increase in capital surplus due to the recognition of share-based payment costs amounted to \$778 thousand and remeasurement of defined benefit plans of \$127 thousand. Decrease in 2022 includes disposal of book value of \$104,511 thousand and cash dividends received of \$39,990 thousand.

Note 7: Decrease in 2022 includes cash dividends received of \$40,300 thousand.

Note 8: Increase in 2022 includes remeasurement of defined benefit plans of \$2,954 thousand. Decrease in 2022 includes cash dividends received of \$34,400 thousand.

Note 9: Increase in 2022 includes increase in capital surplus due to subsidiaries’ share of changes in associates accounted for using equity method amounted to \$1,590 thousand and increase in capital surplus due to the recognition of share-based payment costs amounted to \$1,334 thousand. Decrease in 2022 includes cash dividends received of \$32,200 thousand and remeasurement of defined benefit plans of \$4 thousand.

Note 10: Decrease in 2022 includes cash dividends received of \$3,060 thousand.

Note 11: Increase in 2022 includes increase in capital surplus due to changes in share of investments in associates accounted for using the equity method amounted to \$169 thousand. Decrease in 2022 includes cash dividends received of \$1,842 thousand.

Note 12: Increase in 2022 includes increase in capital surplus due to cash dividends received by subsidiaries from the Corporation regarded as treasury share, which amounted to \$52,142 thousand. Decrease in 2022 includes cash dividends received of \$51,096 thousand.

Note 13: Decrease in 2022 includes returning shares from the liquidation amounted to \$4,192 thousand.

Note 14: Increase in 2022 includes acquisition of \$178,967 thousand. Decrease in 2022 includes decrease in capital surplus due to changes in share of investments in associates accounted for using the equity method amounted to \$49,799 thousand and disposal of book value of \$139,687 thousand.

Note 15: Increase in 2022 includes acquisition of \$286,000 thousand. Decrease in 2022 includes dividends received of \$19,615 thousand.

Note 16: Increase in 2022 includes acquisition of \$100,000 thousand.

Note 17: Increase in 2022 includes increase in capital surplus due to changes in share of investments in associates accounted for using the equity method amounted to \$2,543 thousand, exchange differences of \$4,817 thousand, gain on equity investments at FVTOCI amounted to \$5,501 thousand and remeasurement of defined benefit plans of \$192 thousand. Decrease in 2022 includes dividends received of \$20,060 thousand.

Note 18: Decrease in 2022 includes dividends received of \$8,465 thousand.

Note 19: Decrease in 2022 includes dividends received of \$2,272 thousand.

Note 20: Increase in 2022 includes increase in capital surplus due to changes in share of investments in associates accounted for using the equity method amounted to \$11 thousand and increase in retained earnings due to investees’ disposal of financial instruments at FVTOCI amounted to \$510 thousand. Decrease in 2022 includes dividends received of \$14,637 thousand, loss on equity investments at FVTOCI amounted to \$9 thousand and decrease in other equity due to investees’ disposal of financial instruments at FVTOCI amounted to \$510 thousand.

Note 21: Increase in 2022 includes gain on equity investments at FVTOCI amounted to \$13 thousand. Decrease in 2022 includes dividends received amounted to \$1,304 thousand.

Note 22: Decrease in 2022 includes dividends received amounted to \$1,724 thousand and exchange differences of \$21 thousand.

Note 23: Increase in 2022 includes exchange differences amounted to \$167 thousand. Decrease in 2022 includes loss on equity investments at FVTOCI amounted to \$10 thousand.

Note 24: Except for Bao Ruh Electronic Co., Ltd., Systemweb Technologies Co., Sanfran Technology Inc., Retail System Co., Mohist Web Technology Co., Frog-jump Information Co., Ltd., Shengsen Cloud Technology, FinRobo Advisor Securities Investment Consulting Co., Ltd., GenSys Technology (International) Ltd. and Systex Infopro Co., Ltd., the share of profit or loss of investments accounted for using the equity method for the year ended December 31, 2022 was calculated based on the financial statements that have been audited.

Note 25: Except for the fair value of Genesis Technology Inc. was calculated based on the closing price at December 31, 2022 and share percentage held by the Corporation, net assets value of other unlisted shares was calculated based on the financial statements of investees and share percentage held by the Corporation.

(Concluded)

SYSTEX CORPORATION**STATEMENT OF NOTES PAYABLE AND ACCOUNTS PAYABLE****DECEMBER 31, 2022****(In Thousands of New Taiwan Dollars)**

Vendor Name	Amount
A	\$ 85,723
Others (Note)	<u>1,182,061</u>
	<u>\$ 1,267,784</u>

Note: The amount included in others does not exceed 5% of the account balance.

SYSTEX CORPORATION**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Amount
Sales	\$ 5,741,280
Less: Sales returns and allowances	<u>13,251</u>
Net sales	<u>5,728,029</u>
Service revenue	
Maintenance revenue	1,119,568
Education and training revenue	670,663
Data processing revenue	560,165
Value-added internet service revenue	407,115
Other service revenue	<u>594,183</u>
	<u>3,351,694</u>
Other operating revenue	<u>46,853</u>
	<u>\$ 9,126,576</u>

SYSTEX CORPORATION**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)**

Item	Amount
Merchandise, beginning of year	\$ 911,146
Add:	
Merchandise purchased	5,436,508
Write-down of inventories	839
Less:	
Merchandise, end of year	1,430,392
Internal usage and others	<u>25,459</u>
Cost of goods sold	<u>4,892,642</u>
Service cost	
Maintenance cost	429,079
Education and training cost	329,114
Data processing cost	319,524
Value-added internet service cost	183,912
Other service cost	<u>152,586</u>
Total service cost	<u>1,414,215</u>
Other operating cost	<u>5,971</u>
	<u>\$ 6,312,828</u>

SYSTEX CORPORATION

STATEMENT OF OPERATING EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2022
 (In Thousands of New Taiwan Dollars)

	Amount				
	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Reversal of Expected Credit Losses	Total
Payroll and post-employment benefits	\$ 1,566,704	\$ 239,481	\$ 319,726	\$ -	\$ 2,125,911
Labor and health insurance	123,383	19,477	32,436	-	175,296
Depreciation	117,265	21,258	5,844	-	144,367
Reversal of expected credit losses	-	-	-	(6,724)	(6,724)
Others (Note)	<u>248,925</u>	<u>27,539</u>	<u>22,652</u>	<u>-</u>	<u>299,116</u>
	<u>\$ 2,056,277</u>	<u>\$ 307,755</u>	<u>\$ 380,658</u>	<u>\$ (6,724)</u>	<u>\$ 2,737,966</u>

Note: The amount included in others does not exceed 5% of the account balance.