

# **Systemx Corporation and Subsidiaries**

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

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

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

Very truly yours,

SYSTEX CORPORATION

By:

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February 22, 2023

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Systex Corporation

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

#### Valuation of Receivables

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

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

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

#### **Other Matter**

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 22, 2023

#### Notice to Readers

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

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

# SYSTEX CORPORATION AND SUBSIDIARIES

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

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

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

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

# SYSTEX CORPORATION AND SUBSIDIARIES

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

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

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

(Continued)



# SYSTEX CORPORATION AND SUBSIDIARIES

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

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

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

(Continued)

# SYSTEX CORPORATION AND SUBSIDIARIES

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

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

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

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

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

(Concluded)

**SYSTEX CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Dividends Per Share in New Taiwan Dollars)**

	Equity Attributable to Owners of the Corporation (Notes 4 and 20)												
	Share Capital	Capital Surplus	Retained Earnings				Exchange Differences on Translation of Foreign Operations	Other Equity			Non-controlling Interests (Note 20)	Total Equity	
			Legal Reserve	Special Reserve	Unappropriated Earnings	Total		Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Treasury Shares			Total
BALANCE AT JANUARY 1, 2021	\$ 2,693,933	\$ 6,493,756	\$ 1,300,634	\$ 579,466	\$ 4,138,488	\$ 6,018,588	\$ (581,485)	\$ (187,226)	\$ -	\$ (928,443)	\$ 13,509,123	\$ 140,324	\$ 13,649,447
Appropriation of 2020 earnings													
Legal reserve	-	-	156,616	-	(156,616)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	189,245	(189,245)	-	-	-	-	-	-	-	-
Cash dividends - NT\$5 per share	-	-	-	-	(1,346,967)	(1,346,967)	-	-	-	-	(1,346,967)	-	(1,346,967)
Share of changes in associates accounted for using the equity method	-	5,202	-	-	-	-	-	-	-	-	5,202	1,191	6,393
Net income for 2021	-	-	-	-	1,213,916	1,213,916	-	-	-	-	1,213,916	9,180	1,223,096
Other comprehensive (loss) income for 2021	-	-	-	-	(32,075)	(32,075)	(110,531)	171,967	-	-	29,361	(1,742)	27,619
Total comprehensive income (loss) for 2021	-	-	-	-	1,181,841	1,181,841	(110,531)	171,967	-	-	1,243,277	7,438	1,250,715
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049	-	107,049
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	1,831	-	-	(14,659)	(14,659)	-	-	-	-	(12,828)	14,477	1,649
Share of changes in equities of subsidiaries	-	(1,517)	-	-	-	-	-	-	-	-	(1,517)	1,517	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	142,881	142,881
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	21,849	21,849	-	(21,849)	-	-	-	-	-
BALANCE AT DECEMBER 31, 2021	2,693,933	6,606,321	1,457,250	768,711	3,634,691	5,860,652	(692,016)	(37,108)	-	(928,443)	13,503,339	307,828	13,811,167
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)	-	(1,131,452)
Reversal of special reserve	-	-	-	(39,587)	39,587	-	-	-	-	-	-	-	-
Share of changes in associates accounted for using the equity method	-	2,914	-	-	-	-	-	-	-	-	2,914	-	2,914
Distribution in cash of the capital surplus - NT\$0.8 per share	-	(215,515)	-	-	-	-	-	-	-	-	(215,515)	-	(215,515)
Net income for 2022	-	-	-	-	1,091,229	1,091,229	-	-	-	-	1,091,229	37,126	1,128,355
Other comprehensive income for 2022	-	-	-	-	56,217	56,217	419,893	10,927	-	-	487,037	6,519	493,556
Total comprehensive income for 2022	-	-	-	-	1,147,446	1,147,446	419,893	10,927	-	-	1,578,266	43,645	1,621,911
Share-based payment transaction - restricted shares for employees	30,000	188,966	-	-	-	-	-	-	(175,720)	-	43,246	334	43,580
Share-based payment transaction - cancellation of restricted shares for employees	(600)	(3,786)	-	-	-	-	-	-	4,386	-	-	-	-
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049	-	107,049
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	192,120	-	-	(7,968)	(7,968)	-	-	-	-	184,152	45,937	230,089
Share of changes in equities of subsidiaries	-	(3,838)	-	-	-	-	-	-	-	-	(3,838)	3,838	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	138,066	138,066
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	9,819	9,819	-	(9,819)	-	-	-	-	-
BALANCE AT DECEMBER 31, 2022	\$ 2,723,333	\$ 6,874,231	\$ 1,576,153	\$ 729,124	\$ 3,573,220	\$ 5,878,497	\$ (272,123)	\$ (36,000)	\$ (171,334)	\$ (928,443)	\$ 14,068,161	\$ 539,648	\$ 14,607,809

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

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

# SYSTEX CORPORATION AND SUBSIDIARIES

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

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

# SYSTEX CORPORATION AND SUBSIDIARIES

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

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

## SYSTEX CORPORATION AND SUBSIDIARIES

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

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

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

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

(Concluded)

# SYSTEX CORPORATION AND SUBSIDIARIES

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

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

- b. Basis of preparation

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

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

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



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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

e. Business combinations

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

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

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

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

f. Foreign currencies

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

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

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

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

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

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

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

g. Inventories

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

h. Investment in associates

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

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

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

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

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

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

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

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

i. Property, plant and equipment

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

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

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

j. Non-current assets held for sale

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

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

k. Goodwill

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

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

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

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

## l. Intangible assets

### 1) Intangible assets acquired separately

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

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

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

### 3) Derecognition of intangible assets

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

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

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

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

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

## n. Financial instruments

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

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

## 1) Financial assets

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

### a) Measurement category

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

#### i. Financial assets at FVTPL

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

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

#### ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

## 2) Equity instruments

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

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

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

## 3) Financial liabilities

### a) Subsequent measurement

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

### b) Derecognition of financial liabilities

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

## o. Revenue recognition

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

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

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

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

## p. Leases

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



## 1) The Group as lessor

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

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

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

## 2) The Group as lessee

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

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

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

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

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

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

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and 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 Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

r. Share-based payment arrangements

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

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

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

s. Taxation

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

1) Current tax

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

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

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

## 2) Deferred tax

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

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

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

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

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

## 3) Current and deferred tax

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

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

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

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

### Valuation of Receivables

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

## 6. CASH AND CASH EQUIVALENTS

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

## 7. FINANCIAL ASSETS AT FVTPL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

December 31, 2022

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

December 31, 2021

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

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

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

## 12. INVENTORIES

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

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

### 13. SUBSIDIARIES

#### Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2022	2021	
The Corporation	Concord System Management Corporation (CSMC)	Design, assessment and planning of computer system and application software and data-processing system, sale and lease of computer hardware, peripheral equipment and spare parts, and repairs and maintenance services	100.00	100.00	
The Corporation	Systex Capital Group, Inc. (SCGI)	Investment activities including financial trust and holding	100.00	100.00	
The Corporation	Hanmore Investment Corporation (Hanmore)	General investment activities	48.92	48.92	a
The Corporation	Systex Software & Service Corporation (SSSC)	Sale and development of computer software, data-processing services	100.00	100.00	
The Corporation	Golden Bridge Corporation (GBC)	General investment activities	100.00	100.00	
The Corporation	Taifon Computer Co., Ltd. (Taifon)	Design of computer hardware and software equipment system, computer room installation, and maintenance, sale, lease and consultation	100.00	100.00	
The Corporation	Ching Pu Investment Corporation (Ching Pu)	General investment activities	100.00	100.00	
The Corporation	Kimo.com (BVI) Corporation (Kimo BVI)	Investment activities including financial trust and holding	100.00	100.00	
The Corporation, Ching Pu and GBC	Syspower Corporation (Syspower)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	84.07	84.07	
The Corporation	Nexsys Corporation (Nexsys)	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	70.00	100.00	b
The Corporation	Systex Solutions Corporation (Systex Solutions)	Design, construction and sale of telecom instrument, electronic calculator and computer	100.00	100.00	
The Corporation	Etu Corporation (Etu)	Software design and data processing, retailing and service of software	-	84.19	c
The Corporation	Naturint Corporation (Naturint)	Installation, sale, information software, data processing and other consultation on computer software and related equipment, network certification and software publication	100.00	100.00	
The Corporation	E-Service Information Corporation (E-Service)	Information software service, intellectual property rights, printing and data storage media manufacturing and copying	100.00	100.00	d
The Corporation	Taiwan Information Service Technology Co., Ltd. (TIST)	Installation, sale, information software, data processing and other consultation on computer software and related equipment	67.38	67.38	d
The Corporation	UniXecure Corporation (UniXecure)	Design, construction and sale of telecom instrument, electronic calculator and computer	100.00	100.00	e
The Corporation	Docutek Solutions, Inc. (Docutek Solutions)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	54.92	-	f
The Corporation GBC	MISYS Corporation (MISYS) Softmobile Technology Corporation (Softmobile)	Information software service	100.00	-	g
		Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	100.00	100.00	

(Continued)



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

(Concluded)

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

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

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

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

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

## 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

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

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

## 15. PROPERTY, PLANT AND EQUIPMENT

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

(Continued)

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

(Concluded)

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

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

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

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

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

## 16. LEASE ARRANGEMENTS

### a. Right-of-use assets

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

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

### b. Lease liabilities

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

Range of discount rate for lease liabilities was as follows:

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

### c. Material leasing activities and terms

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

d. Other lease information

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

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

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

## 17. BANK LOANS

a. Short-term loans

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

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

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

b. Long-term loans

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

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

## 18. BONDS PAYABLE

	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.

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

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

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

### b. Defined benefit plans

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

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

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

Movements in net defined benefit liability were as follows:

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

(Continued)



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

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

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

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

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

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

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

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

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

## 20. EQUITY

### a. Share capital

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

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

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

### b. Capital surplus

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

(Continued)

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

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

c. Retained earnings and dividends policy

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

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

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

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

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

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

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

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

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

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

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2021</b>	<b>2020</b>
Legal reserve	\$ 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

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

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

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

3) Unearned employee benefits

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

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

e. Treasury shares (in thousands)

Purpose of Treasury Share	Number of Shares at January 1	Increase During the Year	Decrease During the Year	Number of Shares at December 31
<u>2022 and 2021</u>				
Reclassification of the Corporation's shares held by subsidiaries from equity-method investments into treasury shares	<u>21,410</u>	<u>-</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 remaining was treated as recoveries from Hanmore's non-controlling interests, accounted for deduction to non-controlling interests in balance sheets.

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

f. Non-controlling interests

	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 307,828	\$ 140,324
Attributable to non-controlling interests:		
Share of profit for the year	37,126	9,180
Remeasurement on defined benefit plans	52	(130)
Exchange differences on translation of foreign operations	6,467	(1,612)
Non-controlling interests arising from acquisition of subsidiaries (Note 26)	112,771	104,511
Non-controlling interests arising from cash dividends received by subsidiary (Hanmore) from the Corporation	54,441	54,441
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Equity transactions with non-controlling interests (Note 27)	\$ 45,937	\$ 35,015
Cash dividends received from subsidiaries	(77,448)	(53,106)
Changes in percentage of ownership interests in subsidiaries	3,838	18,014
Issuance of shares for cash by subsidiaries	49,089	-
Return of shares in the liquidation of subsidiaries	(787)	-
Non-controlling interests related to recognition of share-based payment transactions by subsidiaries (Note 25)	334	-
Adjustments relating to changes in capital surplus of associates accounted for using the equity method	<u>-</u>	<u>1,191</u>
Balance at December 31	<u>\$ 539,648</u>	<u>\$ 307,828</u> (Concluded)

## 21. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 26,271,087	\$ 22,804,054
Revenue from the rendering of services	6,788,997	6,659,187
Other operating revenue	<u>68,768</u>	<u>63,716</u>
	<u>\$ 33,128,852</u>	<u>\$ 29,526,957</u>

### Contract Balances

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Notes and accounts receivable	<u>\$ 6,345,625</u>	<u>\$ 4,856,074</u>
Contract liabilities	<u>\$ 2,438,375</u>	<u>\$ 1,545,903</u>

Please refer to Note 11 for information about notes and accounts receivable. The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

## 22. NET PROFIT

### a. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 148,956	\$ 133,437
Right-of-use assets	195,559	164,016
Intangible assets	<u>45,722</u>	<u>49,377</u>
	<u>\$ 390,237</u>	<u>\$ 346,830</u> (Continued)

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
An analysis of depreciation by function		
Operating costs	\$ 81,483	\$ 89,074
Operating expenses	<u>263,032</u>	<u>208,379</u>
	<u>\$ 344,515</u>	<u>\$ 297,453</u>
An analysis of amortization by function		
Operating costs	\$ 831	\$ 938
Operating expenses	<u>44,891</u>	<u>48,439</u>
	<u>\$ 45,722</u>	<u>\$ 49,377</u>
		(Concluded)

b. Employee benefits expenses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Post-employment benefits		
Defined contribution plans	\$ 212,428	\$ 189,346
Defined benefit plans (Note 19)	<u>2,199</u>	<u>2,738</u>
	<u>214,627</u>	<u>192,084</u>
Compensation cost of share-based payment	43,580	-
Payroll	4,265,454	3,879,025
Labor and health insurance	339,896	317,238
Other employee benefits	<u>186,909</u>	<u>173,189</u>
	<u>\$ 5,050,466</u>	<u>\$ 4,561,536</u>
An analysis of employee benefits expenses by function		
Operating costs	\$ 216,365	\$ 198,893
Operating expenses	<u>4,834,101</u>	<u>4,362,643</u>
	<u>\$ 5,050,466</u>	<u>\$ 4,561,536</u>

As of December 31, 2022 and 2021, the Group had 4,350 and 4,228 employees, respectively.

c. Compensation of employees and remuneration of directors

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

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



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

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

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

d. Gain on sale of investments, net

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Disposal of financial assets at FVTPL	\$ <u>8,148</u>	\$ <u>43,877</u>

e. Impairment losses recognized

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Investments accounted for using the equity method	\$ 49,498	\$ 69,873
Property, plant and equipment	8,721	-
Intangible assets	<u>17,206</u>	<u>97,796</u>
	<u>\$ 75,425</u>	<u>\$ 167,669</u>

## 23. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 247,313	\$ 182,535
Additional income tax on unappropriated earnings	4,685	11,382
Additional income tax under the Alternative Minimum Tax Act	9,846	16,280
Enterprise income tax on securities	-	19,201
Land value increment tax	240	710
Adjustments for prior years' tax	<u>556</u>	<u>(1,694)</u>
	<u>262,640</u>	<u>228,414</u>
Deferred tax		
In respect of the current year	2309	8,402
Adjustments for prior years' tax	<u>(240)</u>	<u>(8,297)</u>
	<u>2,069</u>	<u>105</u>
Income tax expense recognized in profit or loss	<u>\$ 264,709</u>	<u>\$ 228,519</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	<u>\$ 1,393,064</u>	<u>\$ 1,451,615</u>
Income tax expense calculated at the statutory rate (20%)	\$ 278,613	\$ 290,323
Permanent difference	(87,704)	(11,447)
Additional income tax on unappropriated earnings	4,685	11,382
Land value increment tax	240	710
Unrecognized loss carryforwards	176	(7,542)
Effect of different tax rate of group entities operating in other jurisdictions	58,537	(80,397)
Adjustments for prior years' tax	316	(9,991)
Enterprise Income Tax on securities	-	19,201
Additional income tax under the Alternative Minimum Tax Act	<u>9,846</u>	<u>16,280</u>
Income tax expense recognized in profit or loss	<u>\$ 264,709</u>	<u>\$ 228,519</u>

System Solution (HK) Limited sold investments accounted for using the equity method and financial assets at FVTOCI in 2021 and incurred Enterprise Income Tax of \$19,201 thousand according to the related tax laws in its jurisdiction.

The applicable tax rate used by subsidiaries in China is 25%. SCGI and KIMO are exempt from income tax under their local government regulations. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
Remeasurement on defined benefit plan	<u>\$ 2,986</u>	<u>\$ (3,783)</u>

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax assets (recognized in other receivables)		
Tax refund receivable	<u>\$ 4,074</u>	<u>\$ 4,658</u>
Current tax liabilities		
Income tax payable	<u>\$ 175,744</u>	<u>\$ 125,443</u>

d. The movements of deferred tax assets and liabilities

For the year ended December 31, 2022

	Opening Balance	Assign on Acquisition	Recognized in Profit or Loss	Recognized in Other Com- prehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>						
Temporary differences						
Allowance for loss on inventories	\$ 41,463	\$ -	\$ (969)	\$ -	\$ -	\$ 40,494
Payable for annual leave	3,101	-	(105)	-	-	2,996
Others	<u>16,148</u>	<u>368</u>	<u>2,467</u>	<u>(2,942)</u>	<u>-</u>	<u>16,041</u>
	60,712	368	1,393	(2,942)	-	59,531
Loss carryforwards	<u>136</u>	<u>5840</u>	<u>(2,731)</u>	<u>-</u>	<u>-</u>	<u>3,245</u>
	<u>\$ 60,848</u>	<u>\$ 6,208</u>	<u>\$ (1,338)</u>	<u>\$ (2,942)</u>	<u>\$ -</u>	<u>\$ 62,776</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Exchange differences on foreign operations	\$ 5,846	\$ -	\$ -	\$ -	\$ -	\$ 5,846
Others	<u>238</u>	<u>-</u>	<u>731</u>	<u>44</u>	<u>-</u>	<u>1,013</u>
	<u>\$ 6,084</u>	<u>\$ -</u>	<u>\$ 731</u>	<u>\$ 44</u>	<u>\$ -</u>	<u>\$ 6,859</u>

For the year ended December 31, 2021

	Opening Balance	Assign on Acquisition	Recognized in Profit or Loss	Recognized in Other Com- prehensive Income	Exchange Differences	Closing Balance
<u>Deferred tax assets</u>						
Temporary differences						
Allowance for loss on inventories	\$ 59,600	\$ 8,289	\$ (26,426)	\$ -	\$ -	\$ 41,463
Payable for annual leave	2,781	-	320	-	-	3,101
Others	<u>12,868</u>	<u>394</u>	<u>(897)</u>	<u>3,783</u>	<u>-</u>	<u>16,148</u>
	75,249	8,683	(27,003)	3,783	-	60,712
Loss carryforwards	<u>833</u>	<u>-</u>	<u>(697)</u>	<u>-</u>	<u>-</u>	<u>136</u>
	<u>\$ 76,082</u>	<u>\$ 8,683</u>	<u>\$ (27,700)</u>	<u>\$ 3,783</u>	<u>\$ -</u>	<u>\$ 60,848</u>
<u>Deferred tax liabilities</u>						
Temporary differences						
Exchange differences on foreign operations	\$ 5,846	\$ -	\$ -	\$ -	\$ -	\$ 5,846
Gain on disposal of investments	27,742	-	(27,214)	-	(528)	-
Others	<u>485</u>	<u>134</u>	<u>(381)</u>	<u>-</u>	<u>-</u>	<u>238</u>
	<u>\$ 34,073</u>	<u>\$ 134</u>	<u>\$ (27,595)</u>	<u>\$ -</u>	<u>\$ (528)</u>	<u>\$ 6,084</u>

- e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Loss carryforwards		
Expiry in 2022	\$ -	\$ 40,064
Expiry in 2023	13,832	46,107
Expiry in 2024	13,480	20,507
Expiry in 2025	19,450	89,922
Expiry in 2026	30,485	103,322
Expiry in 2027	3,522	6,476
Expiry in 2028	7,230	8,013
Expiry in 2029	89,741	117,522
Expiry in 2030	154	831
Expiry in 2031	1,337	1,415
Expiry in 2032	<u>9,342</u>	<u>-</u>
	<u>\$ 188,573</u>	<u>\$ 434,179</u>

- f. Information about unused loss carryforwards

Loss carryforwards as of December 31, 2022 comprised:

<b>Expiry Year</b>	<b>Total Credit</b>
2023	\$ 29,377
2024	13,480
2025	19,450
2026	30,485
2027	3,522
2028	7,230
2029	90,038
2030	358
2031	1,516
2032	<u>9,342</u>
	<u>\$ 204,798</u>

- g. Income tax assessments

Income tax returns through 2020 and undistributed earnings through 2019 of the Corporation, SSSC, Nexsys, Taifon, CSMC, Ching Pu, TEDP, Hanmore, GBC, Naturint, Syswiser, Syslink, Smartsys, Dawning, Syspower, Softmobile, Systex Solutions, Syscore, Top Information, E-service, TIST, Docutek Solutions, ANSecurity, and Docutek Services have been assessed by the tax authorities.

## 24. EARNINGS PER SHARE

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

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

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

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

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

(Continued)

	<b><u>For the Year Ended December 31</u></b>
	<b><u>2022</u></b> <b><u>2021</u></b>

Earnings per share (NT\$)

Basic earnings per share	<u>\$4.38</u>	<u>\$4.90</u>
Diluted earnings per share	<u>\$4.37</u>	<u>\$4.89</u>
		(Concluded)

## 25. SHARE-BASED PAYMENT ARRANGEMENTS

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

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

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

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

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

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

For the year ended December 31, 2022, the compensation cost recognized on the RSAs was \$43,580 thousand.

## 26. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)
Docutek Solutions	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	August 2022	54.92
Dawning	Computer system integration service and computer software industry	January 2021	74.43

Docutek Solutions and Dawning were acquired in order to continue the expansion of the Group's operations.

### b. Consideration transferred

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

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

	Docutek Solutions	Dawning
Current assets		
Cash and cash equivalents	\$ 219,804	\$ 107,704
Financial assets at FVTPL	5,093	-
Accounts receivables	60,239	430,469
Receivables from related parties	4,374	-
Inventories	13,563	177,319
Prepayments	55,560	-
Other current assets	67	7,319
Non-current assets		
Property, plant and equipment	91,550	9,314
Right-of-use assets	-	46,750
Other intangible assets	46,311	44,403
Deferred tax assets	5,841	8,683
Other non-current assets	7,374	3,044

(Continued)

	<b>Docutek Solutions</b>	<b>Dawning</b>
Current liabilities		
Short-term loans	\$ 20,000	\$ 43,022
Financial liabilities at FVTPL	-	330
Contract liabilities	131,421	3,050
Notes and accounts payable	16,082	239,643
Other payables	15,286	52,354
Lease liabilities - current	-	14,697
Advance receipts	-	6,907
Other current liabilities	253	582
Non-current liabilities		
Long-term borrowings	\$ 28,791	\$ -
Lease liabilities - non-current	-	21,120
Other non-current liabilities	<u>1,553</u>	<u>133</u>
	<u>\$ 296,390</u>	<u>\$ 453,167</u> (Concluded)

d. Goodwill recognized on acquisitions

	<b>Docutek Solutions</b>	<b>Dawning</b>
Consideration transferred	\$ 286,000	\$ 166,594
Add: Fair value of the interest originally held by the Group at the date of acquisition	-	208,064
Add: Non-controlling interests	112,771	104,511
Less: Fair value of identifiable net assets acquired	<u>(296,390)</u>	<u>(453,167)</u>
Goodwill recognized on acquisitions	<u>\$ 102,381</u>	<u>\$ 26,002</u>

e. Net cash outflow on the acquisition of subsidiaries

	<b>Docutek Solutions</b>	<b>Dawning</b>
Cash and cash equivalent acquired	\$ 219,804	\$ 107,704
Less: Consideration paid in cash	<u>286,000</u>	<u>166,594</u>
	<u>\$ (66,196)</u>	<u>\$ (58,890)</u>

f. Impact of acquisitions on the results of the Group

As of the date the consolidated financial statements were authorized for issue, the financial results of the acquirees since the acquisition dates have no significant impact on the results of the Group.



## 27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

- a. As described in Note 13d, the Group purchased shares of E-service from the non-controlling shareholders in February 2021 and increased its interest in E-service from 58.75% to 100%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

	<b>Amount</b>
Consideration paid in cash	\$ (44,800)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>30,102</u>
Differences recognized from equity transaction	<u>\$ (14,698)</u>
Carrying amount of capital surplus deducted	\$ (39)
Adjustment to retained earnings	<u>(14,659)</u>
	<u>\$ (14,698)</u>

- b. As described in Note 13j, the Group subscribed for new shares issued by RTIHK at a percentage different from its original ownership percentage in August 2021 and decreased its interest in RTIHK from 100% to 85%; therefore, the Group recognized an increase in capital surplus - changes in percentage of ownership interests in subsidiaries of \$378 thousand.

The Group then disposed of 36% interest in RTIHK and decreased its interest in RTIHK from 85% to 49%. The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

	<b>Amount</b>
Consideration received in cash	\$ 46,449
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>(44,579)</u>
Differences recognized from equity transaction (recognized as capital surplus)	<u>\$ 1,870</u>

- c. The Group subscribed for new shares issued by TIST at a percentage different from its original ownership percentage in January 2021 and increased its interest in TIST from 62.87% to 67.38%; therefore, the Group recognized a decrease in capital surplus - changes in percentage of ownership interests in subsidiaries of \$2,696 thousand.

- d. As described in Note 13h, the Group purchased shares of Dawning from the non-controlling shareholders in March 2022 and increased its interest in Dawning from 74.43% to 88.83%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

	<b>Amount</b>
Consideration paid in cash	\$ (68,400)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>58,574</u>
Differences recognized from equity transaction	<u>\$ (9,826)</u>
Carrying amount of capital surplus deducted	\$ (1,858)
Adjustment to retained earnings	<u>(7,968)</u>
	<u>\$ (9,826)</u>

The Group subscribed for new shares issued by Dawning at a percentage different from its original ownership percentage in May 2022 and increased its interest in Dawning from 88.83% to 91.60%; therefore, the Group recognized a decrease in capital surplus - changes in percentage of ownership interests in subsidiaries of \$6,989 thousand.

- e. As described in Note 13b, the Group disposed of 30% interest in Nexsys in May 2022 and decreased its interest in Nexsys from 100% to 70%. The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

	<b>Amount</b>
Consideration received in cash	\$ 299,025
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>(104,511)</u>
Differences recognized from equity transaction (recognized as capital surplus)	<u>\$ 194,514</u>

- f. As described in Note 13i, the Group subscribed for new shares issued by Palsys at a percentage different from its original ownership percentage in October 2021 and decreased its interest in Palsys from 100% to 92.14%; therefore, the Group recognized an increase in capital surplus - changes in percentage of ownership interests in subsidiaries of \$801 thousand.

The Group subscribed for new shares issued by Palsys at a percentage different from its original ownership percentage in July 2022 and decreased its interest in Palsys from 92.14% to 79.26%; therefore, the Group recognized an increase in capital surplus - changes in percentage of ownership interests in subsidiaries of \$3,151 thousand.

## 28. CAPITAL MANAGEMENT

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

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

## 29. FINANCIAL INSTRUMENTS

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

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

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

#### 1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Listed shares	\$ 212,359	\$ -	\$ -	\$ 212,359
Unlisted shares	-	-	1,840,404	1,840,404
Unlisted preferred shares	-	-	85,734	85,734
Mutual funds	3,346,134	-	-	3,346,134
Others	-	-	114,790	114,790
	<u>\$ 3,558,493</u>	<u>\$ -</u>	<u>\$ 2,040,928</u>	<u>\$ 5,599,421</u>
Financial assets at FVTOCI				
Listed shares	\$ 33,177	\$ -	\$ -	\$ 33,177
Unlisted shares	-	-	252,335	252,335
Unlisted preferred shares	-	-	57,121	57,121
	<u>\$ 33,177</u>	<u>\$ -</u>	<u>\$ 309,456</u>	<u>\$ 342,633</u>
<u>December 31, 2021</u>				
Financial assets at FVTPL				
Listed shares	\$ 151,920	\$ -	\$ -	\$ 151,920
Unlisted shares	-	-	1,502,631	1,502,631
Unlisted preferred shares	-	-	96,020	96,020
Mutual funds	4,412,309	-	-	4,412,309
Others	-	-	101,652	101,652
	<u>\$ 4,564,229</u>	<u>\$ -</u>	<u>\$ 1,700,303</u>	<u>\$ 6,264,532</u>
Financial assets at FVTOCI				
Unlisted shares	\$ -	\$ -	\$ 250,066	\$ 250,066
Unlisted preferred shares	-	-	51,485	51,485
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,551</u>	<u>\$ 301,551</u>

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

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

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>	<b>Total</b>
Balance at January 1	\$ 1,700,303	\$ 301,551	\$ 2,001,854
Recognized in profit or loss	358,620	-	358,620
Recognized in other comprehensive income	-	(7,402)	(7,402)
Purchases	-	63,746	63,746
Capital reduction	(24,288)	(73,211)	(97,499)
Net exchange differences	<u>6,293</u>	<u>24,772</u>	<u>31,065</u>
Balance at December 31	<u>\$ 2,040,928</u>	<u>\$ 309,456</u>	<u>\$ 2,350,384</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 358,620</u>		<u>\$ 358,620</u>

For the year ended December 31, 2021

<b>Financial Assets</b>	<b>Financial Assets at FVTPL Equity Instruments</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>	<b>Total</b>
Balance at January 1	\$ 1,575,388	\$ 169,565	\$ 1,744,953
Recognized in profit or loss	65,794	-	65,794
Recognized in other comprehensive income	-	61,927	61,927
Purchases	71,018	76,697	147,715
Capital surplus distributed as cash dividends	(477)	-	(477)
Net exchange differences	(655)	(5,749)	(6,404)
Capital reduction	<u>(10,765)</u>	<u>(889)</u>	<u>(11,654)</u>
Balance at December 31	<u>\$ 1,700,303</u>	<u>\$ 301,551</u>	<u>\$ 2,001,854</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 65,794</u>		<u>\$ 65,794</u>

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

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

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
FVTPL	\$ 5,599,421	\$ 6,264,532
Amortized cost (1)	12,525,986	10,590,195
FVTOCI	342,633	301,551
<u>Financial liabilities</u>		
Amortized cost (2)	11,823,232	10,185,561

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

d. Financial risk management objectives and policies

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

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

1) Market risk

a) Foreign currency risk

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

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Increase/decrease	\$ 6,160	\$ 67,208

b) Interest rate risk

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 1,801,683	\$ 884,580
Financial liabilities	5,177,748	4,529,046
Cash flow interest rate risk		
Financial assets	3,590,352	4,067,664
Financial liabilities	114,647	93,471

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

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Increase/decrease	\$ 3,476	\$ 3,974

c) Other price risk

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

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2022</b>	<b>2021</b>
Pre-tax net income		
Increase/decrease	\$ 279,971	\$ 313,227
Other comprehensive income		
Increase/decrease	17,132	15,078

## 2) Credit risk

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

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

## 3) Liquidity risk

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

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

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

### 30. TRANSACTIONS WITH RELATED PARTIES

Balances, transactions, revenue and expense between the Corporation and its subsidiaries, which are related parties of the Corporation, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

#### a. Related parties and their relationship with the Group

<u>Related Parties</u>	<u>Relationship with the Group</u>
Systemweb Technologies Co., Ltd.	Associate
Sanfran Technologies Inc.	Associate
Investment Media Ltd.	Associate
Mohist Web Technology Co., Ltd.	Associate
FinRobo Advisor Securities Investment Consulting Co., Ltd.	Associate
Shengsen Cloud Technology	Associate
Frog-jump Information Co., Ltd.	Associate
Neweb Information Co., Ltd.	Associate
Retail System Co., Ltd.	Associate
Gensys Technology International. Ltd.	Associate
Fuco Technology Co., Ltd.	Associate
AIWin Technology Co., Ltd.	Associate
Genesis Technology Inc.	Associate
Bao Ruh Electronic Co., Ltd.	Associate
CKmates International Co., Ltd.	Associate
Teamplus Technology Inc.	Associate
Neo Trend Tech Corporation	Associate
Asiavest Capital Co., Ltd.	Other related party
Green World FinTech Service Co., Ltd.	Director of subsidiary (1)
Ms. Luo	Director of subsidiary (2)
Mr. Hsieh	Director of subsidiary

Note 1: Green World FinTech Service Co., Ltd. has become a related party to the Group since June 2022.

Note 2: Ms. Luo was no longer a related party to the Group since February 2021.

#### b. Operating revenue

<u>Line Items</u>	<u>Related Party Categories</u>	<u>For the Year Ended December 31</u>	
		<u>2022</u>	<u>2021</u>
Sales	Associates	\$ 168,268	\$ 144,276
	Director of subsidiary	\$ 1,614	\$ -
Service revenue	Associates	\$ 7,790	\$ 8,416
	Director of subsidiary	\$ 39	\$ -
Other operating revenue	Associates	\$ -	\$ 432
	Director of subsidiary	\$ 387	\$ -

#### c. Purchases

<u>Related Party Categories</u>	<u>For the Year Ended December 31</u>	
	<u>2022</u>	<u>2021</u>
Associates	\$ 39,623	\$ 51,061



d. Receivables from related parties

Line Items	Related Party Categories	December 31	
		2022	2021
Accounts receivable	Associates	\$ 39,335	\$ 49,905
	Director of subsidiary	\$ 172	\$ -
Lease receivables - current (included in other current assets)	Director of subsidiary	\$ 1,310	\$ -
Lease receivables - non-current (included in other non-current assets)	Director of subsidiary	\$ 1,971	\$ -

e. Payables to related parties

Line Items	Related Party Categories	December 31	
		2022	2021
Payables to related parties	Associates	\$ 23,873	\$ 21,776
Other payables	Director of subsidiary	\$ 9,402	\$ 9,402

The product/service sales and purchase transactions with related parties were conducted 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

Related Party Categories	For the Year Ended December 31	
	2022	2021
Associates	\$ 240	\$ -

g. Disposal of property, plant and equipment

Related Party Categories	Proceeds		Gain on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
Other related party	\$ -	\$ 1,619	\$ -	\$ 62

h. Other transactions with related parties

Line Items	Related Party Categories	For the Year Ended December 31	
		2022	2021
Service cost	Associates	\$ 21,499	\$ 21,527
Operating expenses	Associates	\$ 5,005	\$ 1,354
Other income	Associates	\$ 204	\$ 204

i. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 201,841	\$ 198,758
Post-employment benefits	2,843	4,141
Termination benefits	3,460	-
Share-based payment	<u>35,279</u>	<u>-</u>
	<u>\$ 243,423</u>	<u>\$ 202,899</u>

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

### 31. PLEDGED ASSETS

The following assets were pledged as the Group's collateral for bank loans, contract guarantees and import duty guarantee, and etc.:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment - land and buildings, net	\$ 433,588	\$ 346,888
Pledged time deposits - current (included in other financial assets - current)	474,863	241,079
Pledged time deposits - non-current (included in other financial assets - non-current)	86,508	143,501
The shares of the Corporation (Note)	<u>347,500</u>	<u>424,000</u>
	<u>\$ 1,342,459</u>	<u>\$ 1,155,468</u>

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

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
	<u>\$ 15,378,533</u>	<u>\$ 12,582,510</u>

- c. The Group provided endorsements for others in Table 3.
- d. The Group issues gift certificates and gift cards. For the handling of advance receipts from customers for sold gift certificates and gift cards, the Group entered into a trust agreement with E.SUN Commercial Bank according to the “Provision to be Included in Standard Form Contract of All Sorts of Gift Certificates of Retail Companies” issued by the Ministry of Economic Affairs. According to the trust agreement, the Group opened a trust account in E.SUN Commercial Bank. Advance receipts from customers for sold gift certificates are deposited in the trust account and amounts for services already provided to customers are paid to the Group on a monthly basis. The balance in the trust account should be not lower than the amount of outstanding gift certificates and gift cards. As of December 31, 2022, the Group’s assets in the trust account amounted to \$107,896 thousand (included in other financial assets).

### 33. OTHER ITEMS

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

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

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

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 13,516	30.71	\$ 415,077
RMB	11,405	4.41	50,289
Non-monetary items			
Financial assets at FVTPL			
HKD	10,812	3.94	42,577
<u>Financial liabilities</u>			
Monetary items			
USD	11,136	30.71	341,987
RMB	40	4.41	176

December 31, 2021

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 57,029	27.68	\$ 1,578,563
RMB	3,738	4.34	16,229
Non-monetary items			
Financial assets at FVTPL			
HKD	14,248	3.55	50,566
<u>Financial liabilities</u>			
Monetary items			
USD	8,980	27.68	248,566
RMB	478	4.34	2,075

For the years ended December 31, 2022 and 2021, realized and unrealized net foreign exchange gains were \$31,966 thousand and \$16,757 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### 35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on financial information. The Group's reportable segments were as follows:

Financial business integration provides financial technologies and develops smart finance, centered on FinTech, to assist financial customers (mainly engaged in large-scale financial customers) in digital transformation, including transformation services in mobile applications, integration services for investor and wealth management upgrade services.

Consumer market integration mainly focus on new retail, provides full-channel and full payment services, and assists customers, especially digital e-commerce customer, in operating O2O business to realize digital transformation.

Digital ecosystem integration provides comprehensive digital ecosystem product portfolio and solution to drive business intelligence growth of customers, acts as the Data Enabler for customers and actively introduces domestic and foreign leading digital technology to provide solution to customer in digital transformation.

Commercial software integration mainly provides sales of various domestic and foreign original software and hardware, learning cloud-related technologies and applications, and provides a variety of IT integration services and comprehensive IT ecosystem information services.

China Group, in the way of alliance with local suppliers, expands self-employed business, develops independent products, provides system integration and value-added services, and provides commercial software and cloud platform tools in China.

Investment department engages in investment activities.

The chief operating decision-maker of the Group divided the domestic information service business into four operating segments according to industry level and customer's service requirements and has taken China Group as a reportable segment due to regional specialties. In addition, the financial investment business is considered as an investment department that should be reported separately. Financial business integration included domestic departments which provide a cross-border financial transaction cloud, APP and customized development, community services for investors, and ITDM services of securities or futures trading in Greater China. Consumer market integration included domestic departments which provide mobile payments, O2O integration services, data processing services, precision marketing solution, government official website, service platform, and e-commerce platform. Digital ecosystem integration included domestic departments which provide big data platform and value-added innovation, commercial software, cloud value-added services, Cyber-security, IT development training courses, and book publishing into a reportable department. Commercial software service integration mainly categorizes the domestic departments which provide commercial software, technology value-added services of Microsoft product, cloud construction and application, and Mobile APP development into a reportable department.

a. Consolidated revenues and results

	Financial Business Integration	Consumer Market Integration	Digital Ecosystem Integration	Commercial Software Service Integration	China Group	Investment Department	Adjustment and Elimination	Total
<u>2022</u>								
Sales to customers	\$ 4,855,985	\$ 5,165,777	\$ 7,536,530	\$ 9,573,256	\$ 5,997,304	\$ -	\$ -	\$ 33,128,852
Sales to other segments	<u>781,723</u>	<u>113,974</u>	<u>754,771</u>	<u>1,086,284</u>	<u>702,132</u>	<u>-</u>	<u>(3,438,884)</u>	<u>-</u>
Total sales	<u>\$ 5,637,708</u>	<u>\$ 5,279,751</u>	<u>\$ 8,291,301</u>	<u>\$ 10,659,540</u>	<u>\$ 6,699,436</u>	<u>\$ -</u>	<u>\$ (3,438,884)</u>	<u>\$ 33,128,852</u>
Segment income (loss)	<u>\$ 435,125</u>	<u>\$ 428,911</u>	<u>\$ 278,046</u>	<u>\$ 633,258</u>	<u>\$ 85,949</u>	<u>\$ (15,990)</u>	<u>\$ -</u>	<u>\$ 1,845,299</u>
Corporate general expenses								<u>(452,235)</u>
Income before income tax								<u>\$ 1,393,064</u>
Segment depreciation and amortization expenses	<u>\$ 47,538</u>	<u>\$ 25,709</u>	<u>\$ 73,613</u>	<u>\$ 10,852</u>	<u>\$ 42,593</u>	<u>\$ -</u>		<u>\$ 200,305</u>
Non-segment depreciation and amortization expenses								<u>189,932</u>
Total depreciation and amortization expenses								<u>\$ 390,237</u>
Segment assets	<u>\$ 4,990,910</u>	<u>\$ 2,900,719</u>	<u>\$ 2,853,094</u>	<u>\$ 5,237,982</u>	<u>\$ 3,348,215</u>	<u>\$ 9,287,500</u>		<u>\$ 28,618,420</u>
General assets								<u>1,281,323</u>
Total assets								<u>\$ 29,899,743</u>
<u>2021</u>								
Sales to customers	\$ 4,489,298	\$ 4,199,135	\$ 6,540,825	\$ 8,649,732	\$ 5,647,967	\$ -	\$ -	\$ 29,526,957
Sales to other segments	<u>637,713</u>	<u>111,409</u>	<u>483,536</u>	<u>1,323,778</u>	<u>647,031</u>	<u>-</u>	<u>(3,203,467)</u>	<u>-</u>
Total sales	<u>\$ 5,127,011</u>	<u>\$ 4,310,544</u>	<u>\$ 7,024,361</u>	<u>\$ 9,973,510</u>	<u>\$ 6,294,998</u>	<u>\$ -</u>	<u>\$ (3,203,467)</u>	<u>\$ 29,526,957</u>
Segment income	<u>\$ 464,888</u>	<u>\$ 346,801</u>	<u>\$ 129,012</u>	<u>\$ 619,780</u>	<u>\$ 71,630</u>	<u>\$ 248,598</u>	<u>\$ -</u>	<u>\$ 1,880,709</u>
Corporate general expenses								<u>(429,094)</u>
Income before income tax								<u>\$ 1,451,615</u>
Segment depreciation and amortization expenses	<u>\$ 52,733</u>	<u>\$ 35,081</u>	<u>\$ 78,589</u>	<u>\$ 9,441</u>	<u>\$ 42,662</u>	<u>\$ -</u>		<u>\$ 218,506</u>
Non-segment depreciation and amortization expenses								<u>128,324</u>
Total depreciation and amortization expenses								<u>\$ 346,830</u>
Segment assets	<u>\$ 3,881,048</u>	<u>\$ 2,787,217</u>	<u>\$ 1,891,707</u>	<u>\$ 4,287,692</u>	<u>\$ 2,825,772</u>	<u>\$ 9,723,156</u>		<u>\$ 25,396,592</u>
General assets								<u>1,163,598</u>
Total assets								<u>\$ 26,560,190</u>

Segment income (loss) refers to the profits and losses incurred by each segment, excluding headquarter management cost, remuneration of directors, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, foreign exchange gain, interest expense and income tax expense.

b. Geographical information

The Group's revenue from external customers by location of operations and information about its non-current assets by location is detailed below.

	Revenue from External Customers	
	2022	2021
Domestic	\$ 27,191,285	\$ 23,912,039
Asia	<u>5,937,567</u>	<u>5,614,918</u>
	<u>\$ 33,128,852</u>	<u>\$ 29,526,957</u>
	Non-current Assets	
	December 31	
	2022	2021
Domestic	\$ 7,321,322	\$ 6,600,983
Asia	323,432	356,861
Others	<u>501,864</u>	<u>329,324</u>
	<u>\$ 8,146,618</u>	<u>\$ 7,287,168</u>

c. Major customers

No revenue from any individual customer exceeded 10% of the Group's total operating revenue for the years ended December 31, 2022 and 2021.

### 36. SEPARATELY DISCLOSED ITEMS

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

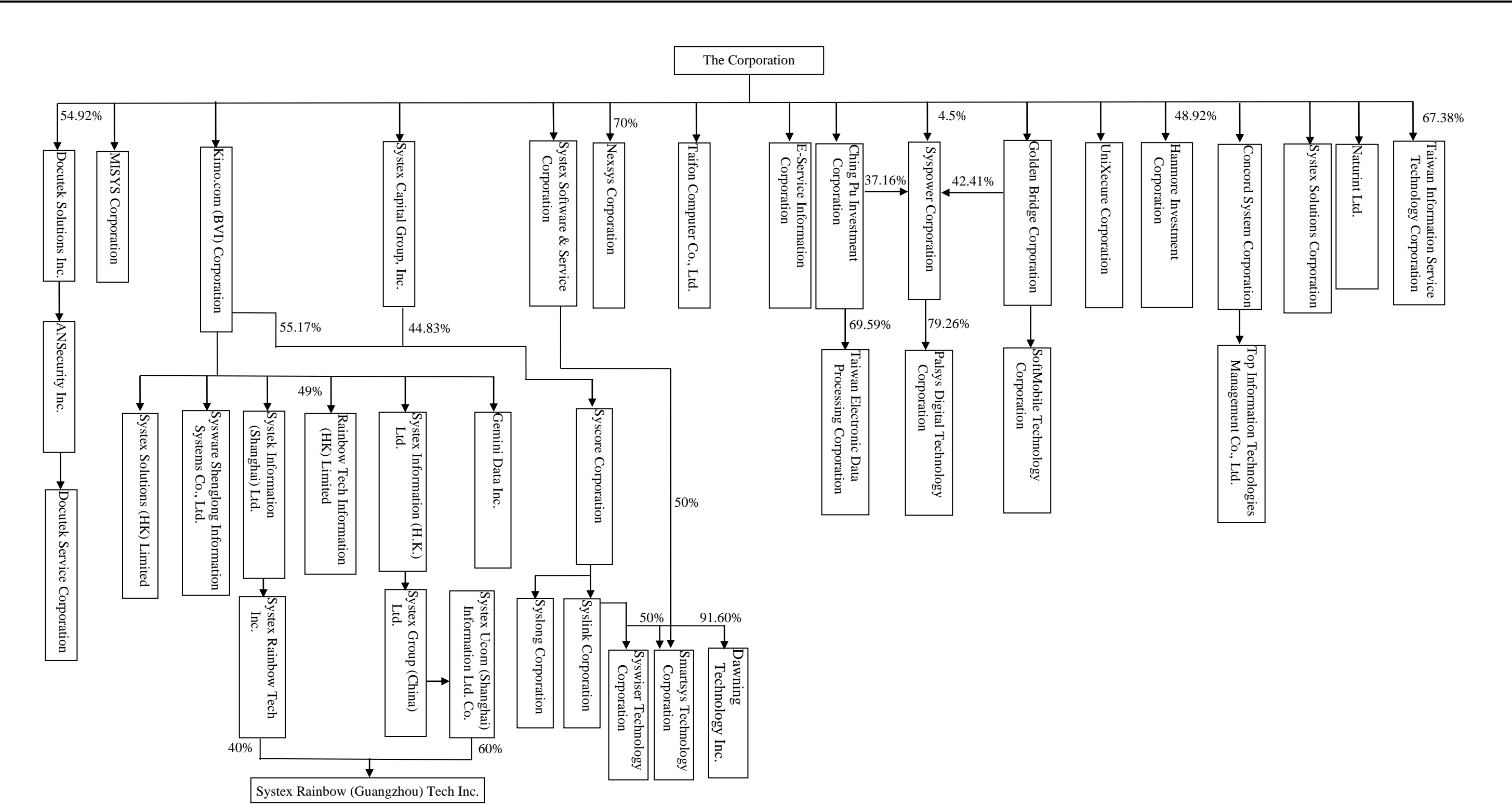
- 1) Financing provided to others (Table 2)
- 2) Endorsements/guarantees provided (Table 3)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 4)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million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

- 9) Trading in derivative instruments (None)
- 10) Other: Intercompany relationships and significant intercompany transactions (Table 8)
- 11) Information on investees (Table 9)
- c. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 10)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Tables 6 and 8):
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
    - c) The amount of property transactions and the amount of the resultant gains or losses
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 11)

TABLE 1

SYSTEX CORPORATION AND SUBSIDIARIES

THE RELATIONSHIP AND PERCENTAGE OF OWNERSHIP OF COMPANIES IN THE GROUP  
DECEMBER 31, 2022



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



TABLE 2

# SYSTEX CORPORATION AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Amount Borrowed (Note 21)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 1)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
0	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 3

SYSTEX CORPORATION AND SUBSIDIARIES

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 4

## SYSTEX CORPORATION AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Controlling company - Systex Corporation	<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 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> Capital Money Market Fund		Financial assets at FVTPL - current	2,875,982	47,123	-	47,123	
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)
	Systex 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>							
Subordinate company - Systex Capital Group, Inc.	PineBridge Taiwan Market Fund		Financial assets at FVTPL - current	1,163,323	16,110	-	16,110	
	PineBridge Global ESG Quantitative Bond Fund A.		"	968,720	8,615	-	8,615	
	<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		"	145,719	111,473	-	111,473	
	PIMCO Global High Yield Bond		"	4,416	24,368	-	24,368	
	RBC Funds(LUX) Global Equity Focus Fund A USD ACC		"	9,589	35,719	-	35,719	
	JSS USD HIGH YIELD FUND		"	32,816	11,317	-	11,317	
	BLACKROCK BGF CHINA A-SHARE OPPORTUNITIES CLASS A SHARES							

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Naturint Corporation	GS Emerging Markets Broad Equity Portfolio (ACC) Shares		Financial assets at FVTPL - current	22,011	\$ 10,586	-	\$ 10,586	
	GS Multi-manager US Equity Mutual Fund		"	28,786	25,097	-	25,097	
	Goldman Sachs High Yield Floating Rate Portfolio Fund		"	7,257	29,821	-	29,821	
	BLACKROCK BGF CONTINENTAL EUROPEAN FLEXIBLE FUND		"	22,116	13,054	-	13,054	
	GS Multi-manager US Small Cap Equity Fund		"	30,427	12,054	-	12,054	
	GS Asia Equity Portfolio Fund		"	21,027	11,559	-	11,559	
	Vulcan Value Equity Fund USD Accumulating Class		"	1,719	7,939	-	7,939	
	<u>Mutual funds</u>							
	Union Money Market Fund		Financial assets at FVTPL - current	1,147,614	15,396	-	15,396	
	<u>Ordinary shares</u>							
	Far Eastern Electronic Toll Collection Co., Ltd.		Financial assets at FVTPL - non-current	7,716,831	67,518	2.57	67,518	
	Jetwell Computer Co., Ltd.		Financial assets at FVTPL - current	72,000	3,730	0.18	3,730	
	GrandTech C.G. Systems Inc.		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 Legend Fund VI		"	19,702,970	419,870	-	419,870	
	Fuh Hwa Money Market Fund		"	3,429,207	50,160	-	50,160	
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund - TWD (A)		"	2,000,000	19,916	-	19,916	
	Yuanta Wan Tai Money Market Fund		"	729,523	11,212	-	11,212	
	<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)

(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>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	
	<u>Mutual funds</u> Yuanta Wan Tai Money Market Fund		Financial assets at FVTPL - current	145,905	2,242	-	2,242	
Subordinate company - Syswiser Technology Corporation	<u>Mutual funds</u> UPAMC James Bond Money Market Fund		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	
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	
Subordinate company - Kimo.com (BVI) Corporation	<u>Ordinary shares</u> ISHARES A50 (2823.HK)		Financial assets at FVTPL - current	392,000	21,627	-	21,627	
	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)		"	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	
	<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	

(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 - 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 9 and 10 for information on investment in subsidiaries and associates.

(Concluded)

**TABLE 5**

**SYSTEX CORPORATION AND SUBSIDIARIES**

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount (Note 1)	Number of Shares	Amount	Number of Shares	Amount	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 6

# **SYSTEX CORPORATION AND SUBSIDIARIES**

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

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			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	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
	Syspower Corporation	Subsidiary	Purchase	109,568	2	78 days after transaction month	-	-	(10,080)	-
	Dawning Technology Inc.	Subsidiary	Purchase	155,016	3	78 days after transaction month	-	-	(41,175)	2
	Palsys Digital Technology Corporation	Subsidiary	Purchase	138,212	3	78 days after transaction month	-	-	(27,009)	1
	Docutek Solutions, Inc.	Subsidiary	Purchase	222,665	4	78 days after transaction month	-	-	(5,503)	-
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	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
Subordinate company - Systex Group (China) Ltd.	Systex Ucom (Shanghai) Information Ltd. Co.	Associate	Purchase	295,692	12	120 days after transaction month	-	-	(21,743)	3

(Continued)

Buyer/Seller	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)	
			Purchase/ Sale	Amount (Note)	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance (Note)	% of Total
Subordinate company - Systex Ucom (Shanghai) Information Ltd. Co.	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 7**

**SYSTEX CORPORATION AND SUBSIDIARIES**

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

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

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

TABLE 8

# SYSTEX CORPORATION AND SUBSIDIARIES

## INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Systex Corporation	Systex Software & Service Corporation	a	Sales	\$ 111,376	Net 78 days	-
		Systex Software & Service Corporation	a	Cost of goods sold	1,022,212	Net 78 days	3
		Systex Software & Service Corporation	a	Service cost	3,590	Net 78 days	-
		Systex Software & Service Corporation	a	Interest revenue	1,653	Short-term financing, with a term of one year	-
		Systex Software & Service Corporation	a	Receivables from related parties	41,526	Net 78 days	-
		Systex Software & Service Corporation	a	Payables to related parties	678,472	Net 78 days	2
		Systex Software & Service Corporation	a	Acquisition of property, plant and equipment and intangible assets	7,909	-	-
		Syspower Corporation	a	Sales	24,237	Net 78 days	-
		Syspower Corporation	a	Cost of goods sold	109,568	Net 78 days	-
		Syspower Corporation	a	Service cost	29,108	Net 78 days	-
		Syspower Corporation	a	Receivables from related parties	8,703	Net 78 days	-
		Syspower Corporation	a	Payables to related parties	10,108	Net 78 days	-
		Concord System Management Corporation	a	Sales	82,875	Net 78 days	-
		Concord System Management Corporation	a	Interest revenue	2,243	Short-term financing, with a term of one year	-
		Concord System Management Corporation	a	Receivables from related parties	24,601	Net 78 days	-
		Systex Solutions Corporation	a	Sales	27,304	Net 78 days	-
		Systex Solutions Corporation	a	Service cost	2,058	Net 78 days	-
		Systex Solutions Corporation	a	Interest revenue	959	Short-term financing, with a term of one year	-
		Systex Solutions Corporation	a	Receivables from related parties	10,802	Net 78 days	-
		Softmobile Technology Corporation	a	Cost of goods sold	3,737	Net 78 days	-
		Softmobile Technology Corporation	a	Service cost	28,233	Net 78 days	-
		Softmobile Technology Corporation	a	Payables to related parties	13,839	Net 78 days	-
		Softmobile Technology Corporation	a	Acquisition of property, plant and equipment and intangible assets	6,893	-	-
		Nexsys Corporation	a	Service cost	18,693	Net 78 days	-
		Nexsys Corporation	a	Rent revenue	3,484	Net 78 days	-
		Nexsys Corporation	a	Receivables from related parties	3,556	Net 78 days	-
		Nexsys Corporation	a	Payables to related parties	6,379	Net 78 days	-
		Taifon Computer Co., Ltd.	a	Sales	7,251	Net 78 days	-
		Taifon Computer Co., Ltd.	a	Receivables from related parties	4,297	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Sales	5,433	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Receivables from related parties	3,975	Net 78 days	-
		Dawning Technology Inc.	a	Cost of goods sold	155,016	Net 78 days	-
		Dawning Technology Inc.	a	Payables to related parties	41,175	Net 78 days	-
		Dawning Technology Inc.	a	Acquisition of property, plant and equipment and intangible assets	24,143	-	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
		Palsys Digital Technology Corporation	a	Sales	\$ 7,967	Net 78 days	-
		Palsys Digital Technology Corporation	a	Cost of goods sold	138,212	Net 78 days	-
		Palsys Digital Technology Corporation	a	Service cost	14,066	Net 78 days	-
		Palsys Digital Technology Corporation	a	Receivables from related parties	8,429	Net 78 days	-
		Palsys Digital Technology Corporation	a	Payables to related parties	27,009	Net 78 days	-
		Palsys Digital Technology Corporation	a	Acquisition of property, plant and equipment and intangible assets	6,119	-	-
		UniXecure Corporation	a	Service cost	3,284	Net 78 days	-
		UniXecure Corporation	a	Payables to related parties	3,127	Net 78 days	-
		Docutek Solutions, Inc.	a	Cost of goods sold	222,665	Net 78 days	1
		Docutek Solutions, Inc.	a	Payables to related parties	5,503	Net 78 days	-
1	Systex Software & Service Corporation	Syspower Corporation	b	Cost of goods sold	7,789	Net 78 days	-
		Systex Solutions Corporation	b	Sales	2,766	Net 78 days	-
		Systex Solutions Corporation	b	Service cost	2,406	Net 78 days	-
		Systex Solutions Corporation	b	Payables to related parties	4,168	Net 78 days	-
		Softmobile Technology Corporation	b	Cost of goods sold	6,817	Net 78 days	-
		Softmobile Technology Corporation	b	Service cost	8,150	Net 78 days	-
		Taifon Computer Co., Ltd.	b	Sales	3,374	Net 78 days	-
		Dawning Technology Inc.	b	Cost of goods sold	83,994	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	9,238	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	34,908	Net 78 days	-
		Palsys Digital Technology Corporation	b	Service cost	8,388	Net 78 days	-
		Palsys Digital Technology Corporation	b	Payables to related parties	5,258	Net 78 days	-
		Systex Group (China) Ltd.	b	Sales	43,653	Net 90 days	-
		Systex Group (China) Ltd.	b	Receivables from related parties	26,433	Net 90 days	-
		Systex Rainbow Tech Inc.	b	Sales	12,496	Net 90 days	-
		Systex Rainbow Tech Inc.	b	Receivables from related parties	12,090	Net 90 days	-
		Systek Information (Shanghai) Ltd.	b	Sales	4,264	Net 90 days	-
2	Syspower Corporation	Concord System Management Corporation	b	Sales	4,577	Net 78 days	-
		Systex Solutions Corporation	b	Service cost	4,752	Net 78 days	-
		Softmobile Technology Corporation	b	Service cost	3,371	Net 78 days	-
		Naturint Corporation	b	Operating expenses	8,700	Net 78 days	-
		Dawning Technology Inc.	b	Cost of goods sold	5,771	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	2,818	Net 78 days	-
		Palsys Digital Technology Corporation	b	Sales	4,851	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	6,540	Net 78 days	-
		Palsys Digital Technology Corporation	b	Service cost	17,908	Net 78 days	-
		Palsys Digital Technology Corporation	b	Interest revenue	3,027	Short-term financing, with a term of one year	-
		Palsys Digital Technology Corporation	b	Receivables from related parties (including interest receivables)	161,876	Short-term financing, with a term of one year	1

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
3	Concord System Management Corporation	Top Information Technologies Co., Ltd.	b	Service cost	\$ 3,288	Net 78 days	-
		Top Information Technologies Co., Ltd.	b	Payables to related parties	2,935	Net 78 days	-
		Syscore Corporation	b	Interest expense	510	Short-term financing, with a term of one year	-
		Syscore Corporation	b	Payables to related parties (including interest payables)	150,510	Short-term financing, with a term of one year	1
		Syslink Corporation	b	Interest expense	132	Short-term financing, with a term of one year	-
		Syslink Corporation	b	Payables to related parties (including interest payables)	150,132	Short-term financing, with a term of one year	1
		Dawning Technology Inc.	b	Cost of goods sold	4,176	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	190,488	Net 78 days	1
		Palsys Digital Technology Corporation	b	Service cost	59,757	Net 78 days	-
		Palsys Digital Technology Corporation	b	Interest revenue	1,168	Short-term financing, with a term of one year	-
		Palsys Digital Technology Corporation	b	Payables to related parties	9,968	Net 78 days	-
		Docutek Solutions, Inc.	b	Cost of goods sold	2,659	Net 78 days	-
4	Systex Solutions Corporation	Dawning Technology Inc.	b	Cost of goods sold	23,213	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	7,256	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	59,146	Net 78 days	-
		Palsys Digital Technology Corporation	b	Service cost	2,125	Net 78 days	-
		Taiwan Information Service Technology Co., Ltd.	b	Service cost	3,486	Net 78 days	-
		UniXecure Corporation	b	Service cost	30,140	Net 78 days	-
		UniXecure Corporation	b	Payables to related parties	16,456	Net 78 days	-
		UniXecure Corporation	b	Disposal of property, plant and equipment and intangible assets	3,484	-	-
5	Softmobile Technology Corporation	Top Information Technologies Co., Ltd.	b	Service cost	3,469	Net 78 days	-
6	Taifon Computer Co., Ltd.	Dawning Technology Inc.	b	Cost of goods sold	27,647	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	8,904	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	4,877	Net 78 days	-
7	Top Information Technologies Co., Ltd.	Dawning Technology Inc.	b	Cost of goods sold	2,595	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	3,900	Net 78 days	-
8	Docutek Solutions, Inc.	Docutek Services Corporation	b	Service cost	20,676	Net 78 days	-
9	Systex Group (China) Ltd.	Systex Rainbow Tech Inc.	b	Sales	2,148	Net 120 days	-
		Systex Rainbow Tech Inc.	b	Cost of goods sold	13,970	Net 120 days	-
		Systex Rainbow Tech Inc.	b	Service cost	3,686	Net 120 days	-
		Systex Rainbow Tech Inc.	b	Interest revenue	2,686	Short-term financing, with a term of one year	-
		Systex Rainbow Tech Inc.	b	Receivables from related parties (including interest receivables)	88,188	Short-term financing, with a term of one year	-
		Systex Rainbow Tech Inc.	b	Payables to related parties	18,705	Net 120 days	-

(Continued)



No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
		Systek Information (Shanghai) Corporation	b	Interest revenue	\$ 575	Short-term financing, with a term of one year	-
		Systek Information (Shanghai) Corporation	b	Receivables from related parties (including interest receivables)	13,228	Short-term financing, with a term of one year	-
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Sales	45,758	Net 120 days	-
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Cost of goods sold	295,692	Net 120 days	1
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Receivables from related parties	31,525	Net 120 days	-
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Payables to related parties	21,743	Net 120 days	-
10	Systex Information (HK) Corporation	Rainbow Tech Information (HK) Corporation	b	Sales	292,148	Net 30 days	1
		Rainbow Tech Information (HK) Corporation	b	Other revenue	26,773	Net 30 days	-
		Rainbow Tech Information (HK) Corporation	b	Receivables from related parties	49,802	Net 30 days	-
11	Systex Rainbow Tech Inc.	Systek Information (Shanghai) Corporation	b	Sales	3,372	Net 120 days	-
		Systek Information (Shanghai) Corporation	b	Receivables from related parties	2,198	Net 120 days	-
		Rainbow Tech Information (HK) Corporation	b	Cost of goods sold	18,498	Net 120 days	-
12	Sysware Shenglong Information Systems Corporation	Systek Information (Shanghai) Corporation	b	Interest revenue	1,608	Short-term financing, with a term of one year	-
		Systek Information (Shanghai) Corporation	b	Receivables from related parties (including interest receivables)	44,094	Short-term financing, with a term of one year	-

Note 1: The method of filling in the number:

- a. Parent is numbered 0.
- b. Subsidiaries are sequentially numbered starting from 1.

Note 2: Categories of relationships:

- a. Parent to subsidiary.
- b. Between subsidiaries.

Note 3: Percentage of transaction amount to total consolidated operating revenue or assets is calculated as follows:

For balance sheet accounts: Transaction amount ÷ Total consolidated assets  
For income statement accounts: Accumulated transaction amount in current period ÷ Total consolidated operating revenues.

(Concluded)

TABLE 9

# SYSTEX CORPORATION AND SUBSIDIARIES

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

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	Ratio (%)	Carrying Amount			
Systex Corporation	Systex Infopro Co., Ltd.	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 10 for information on investments in Mainland China.

(Concluded)

TABLE 10

# SYSTEX CORPORATION AND SUBSIDIARIES

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

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
Changzhou 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 11****SYSTEX CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2022**

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

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

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