

Systemx Corporation

**Financial Statements for the
Years Ended December 31, 2023 and 2022 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Systex Corporation

Opinion

We have audited the accompanying financial statements of Systex Corporation (the "Corporation"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Corporation's financial statements for the year ended December 31, 2023 is stated as follows:

Valuation of Receivables

As of December 31, 2023, notes receivable and accounts receivable amounted to \$2,008,163 thousand. When assessing the impairment of receivables, the management of the Corporation uses the expected credit loss model based on the lifetime expected credit loss. The valuation of receivables involves significant accounting estimates and judgments by management. Therefore, we considered the valuation of receivables as a key audit matter. For the disclosures related to receivables, refer to Notes 5 and 9 to the financial statements.

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

Other Matter

We did not audit the financial statements of Collaboration Co., Ltd., which is investee of the Corporation and is accounted for using the equity method, Genesis Technology Inc., which is investee of the Corporation and Syscore Corporation and is accounted for using the equity method, Systex Information (H.K.) Limited and Rainbow Tech Information (HK) Limited, which are investees of Kimo.com (BVI) Corporation and are accounted for using the equity method for the year ended December 31, 2023, the financial statements of Collaboration Co., Ltd., which is investee of the Corporation and is accounted for using the equity method, Genesis Technology Inc., which is investee of the Corporation and Syscore Corporation and is accounted for using the equity method, Systex Information (H.K.) Limited and Rainbow Tech Information (HK) Limited, which are investees of Kimo.com (BVI) Corporation and are accounted for using the equity method, Dawning Technology Inc., which is investee of Syslink Corporation and is accounted for using the equity method for the year ended December 31, 2022, but such financial statements were audited by other auditors. Our opinion, insofar as it relates to the amounts included for these investees, is based solely on the reports of other auditors. The aggregate amounts of aforementioned investments accounted for using the equity method were \$2,521,760 thousand and \$2,713,520 thousand, respectively, representing 11.27% and 12.44%, respectively, of the Corporation's total assets as of December 31, 2023 and 2022. The aggregate comprehensive income of these investees were \$158,395 thousand and \$242,433 thousand, respectively, representing 11.54% and 15.36%, respectively, of the Corporation's comprehensive income for the years ended December 31, 2023 and 2022.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2023 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 Yu-Hong Kuo and Shiow-Ming Shue.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2024

Notice to Readers

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

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

SYSTEX CORPORATION

BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

ASSETS	2023		2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash (Notes 4 and 6)	\$ 1,006,943	4	\$ 395,174	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	855,498	4
Notes receivable, net (Notes 4, 5, 9 and 18)	16,251	-	18,031	-
Accounts receivable, net (Notes 4, 5, 9 and 18)	1,991,912	9	1,889,780	9
Receivables from related parties (Note 25)	118,933	1	121,707	1
Other receivables	53,946	-	46,524	-
Inventories (Notes 4 and 10)	1,414,485	6	1,409,706	7
Prepayments	819,765	4	747,266	3
Other financial assets - current (Notes 26 and 27)	204,333	1	226,017	1
Refundable deposits - current	124,050	1	95,223	-
Other current assets (Note 20)	19,816	-	25,820	-
Total current assets	<u>5,770,434</u>	<u>26</u>	<u>5,830,746</u>	<u>27</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	1,791,458	8	1,729,941	8
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	40,857	-	48,670	-
Investments accounted for using equity method (Notes 4 and 11)	12,556,168	56	12,122,981	56
Property, plant and equipment (Notes 4 and 12)	1,629,484	7	1,619,463	7
Right-of-use assets (Notes 4 and 13)	299,754	1	177,653	1
Computer software (Note 4)	42,126	-	101,300	1
Deferred tax assets (Notes 4 and 20)	18,885	-	19,408	-
Refundable deposits - non-current	114,132	1	92,077	-
Long-term receivables (Notes 4 and 9)	3,007	-	6,773	-
Other financial assets - non-current (Notes 26 and 27)	32,401	-	35,549	-
Other non-current assets	77,155	1	25,337	-
Total non-current assets	<u>16,605,427</u>	<u>74</u>	<u>15,979,152</u>	<u>73</u>
TOTAL	<u>\$ 22,375,861</u>	<u>100</u>	<u>\$ 21,809,898</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term loans (Notes 4 and 14)	\$ 200,000	1	\$ 380,000	2
Contract liabilities (Notes 4 and 18)	956,407	4	896,590	4
Notes and accounts payable	1,376,092	6	1,267,784	6
Payables to related parties (Note 25)	1,230,680	6	889,935	4
Other payables	779,973	3	796,132	4
Lease liabilities - current (Notes 4 and 13)	112,328	-	71,404	-
Current tax liabilities (Notes 4 and 20)	31,611	-	1,715	-
Other current liabilities	124,637	1	218,931	1
Total current liabilities	<u>4,811,728</u>	<u>21</u>	<u>4,522,491</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 15)	2,996,633	13	2,995,420	14
Deferred tax liabilities (Notes 4 and 20)	5,846	-	5,909	-
Lease liabilities - non-current (Notes 4 and 13)	190,790	1	109,180	1
Net defined benefit liabilities - non-current (Notes 4 and 16)	92,172	1	103,737	-
Other non-current liabilities	6,185	-	5,000	-
Total non-current liabilities	<u>3,291,626</u>	<u>15</u>	<u>3,219,246</u>	<u>15</u>
Total liabilities	<u>8,103,354</u>	<u>36</u>	<u>7,741,737</u>	<u>36</u>
EQUITY (Notes 4, 17 and 22)				
Share capital	<u>2,723,033</u>	<u>12</u>	<u>2,723,333</u>	<u>12</u>
Capital surplus	<u>6,967,728</u>	<u>31</u>	<u>6,874,231</u>	<u>31</u>
Retained earnings				
Legal reserve	1,691,083	8	1,576,153	7
Special reserve	308,124	1	729,124	3
Unappropriated earnings	3,976,732	18	3,573,220	17
Total retained earnings	<u>5,975,939</u>	<u>27</u>	<u>5,878,497</u>	<u>27</u>
Other equity	(465,750)	(2)	(479,457)	(2)
Treasury shares	(928,443)	(4)	(928,443)	(4)
Total equity	<u>14,272,507</u>	<u>64</u>	<u>14,068,161</u>	<u>64</u>
TOTAL	<u>\$ 22,375,861</u>	<u>100</u>	<u>\$ 21,809,898</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

SYSTEX CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 18 and 25)				
Sales	\$ 6,749,714	64	\$ 5,741,280	63
Less: Sales returns and allowances	<u>9,896</u>	<u>-</u>	<u>13,251</u>	<u>-</u>
Net sales	6,739,818	64	5,728,029	63
Service revenue	3,742,203	35	3,351,694	37
Other operating revenue	<u>70,938</u>	<u>1</u>	<u>46,853</u>	<u>-</u>
Total operating revenue	<u>10,552,959</u>	<u>100</u>	<u>9,126,576</u>	<u>100</u>
OPERATING COSTS (Notes 4, 10, 19 and 25)				
Cost of goods sold	5,894,121	56	4,892,642	54
Service costs	1,709,032	16	1,414,215	15
Other operating costs	<u>10,486</u>	<u>-</u>	<u>5,971</u>	<u>-</u>
Total operating costs	<u>7,613,639</u>	<u>72</u>	<u>6,312,828</u>	<u>69</u>
GROSS PROFIT	<u>2,939,320</u>	<u>28</u>	<u>2,813,748</u>	<u>31</u>
OPERATING EXPENSES (Notes 9, 19 and 25)				
Selling expenses	2,127,284	20	2,056,277	23
General and administrative expenses	342,852	3	307,755	3
Research and development expenses	352,194	4	380,658	4
Expected credit loss (gain)	<u>5,290</u>	<u>-</u>	<u>(6,724)</u>	<u>-</u>
Total operating expenses	<u>2,827,620</u>	<u>27</u>	<u>2,737,966</u>	<u>30</u>
PROFIT FROM OPERATIONS	<u>111,700</u>	<u>1</u>	<u>75,782</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit of subsidiaries and associates (Notes 4 and 11)	1,343,291	13	657,800	7
Interest income (Notes 4 and 25)	4,694	-	6,196	-
Dividend income (Note 4)	49,743	-	49,828	-
Other income, net (Note 25)	20,613	-	32,978	-
Gain on sale of property, plant and equipment	138	-	3,069	-
(Loss) gain on sale of investments, net (Note 19)	(5,964)	-	-	-
Foreign exchange (loss) gain, net (Note 4)	(332)	-	2,146	-
Gain on financial assets at fair value through profit or loss, net (Note 4)	67,803	-	334,737	4
Interest expense	(35,693)	-	(33,133)	-
Other income (expenses)	2,243	-	(8,508)	-
Impairment loss on assets (Notes 4 and 19)	<u>(34,373)</u>	<u>-</u>	<u>(25,927)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,412,163</u>	<u>13</u>	<u>1,019,186</u>	<u>11</u>

(Continued)

SYSTEX CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 1,523,863	14	\$ 1,094,968	12
INCOME TAX EXPENSE (Notes 4 and 20)	<u>29,597</u>	<u>-</u>	<u>3,739</u>	<u>-</u>
NET INCOME	<u>1,494,266</u>	<u>14</u>	<u>1,091,229</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 16)	(21,159)	-	44,108	1
Unrealized loss on equity instruments at fair value through other comprehensive income	(16,527)	-	(940)	-
Share of the other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	<u>(55,868)</u>	<u>(1)</u>	<u>23,976</u>	<u>-</u>
	<u>(93,554)</u>	<u>(1)</u>	<u>67,144</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	<u>(27,913)</u>	<u>-</u>	<u>419,893</u>	<u>4</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(121,467)</u>	<u>(1)</u>	<u>487,037</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,372,799</u>	<u>13</u>	<u>\$ 1,578,266</u>	<u>17</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ 6.02</u>		<u>\$ 4.40</u>	
Diluted	<u>\$ 6.01</u>		<u>\$ 4.39</u>	

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

(Concluded)

SYSTEX CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Share Capital	Capital Surplus	Retained Earnings				Total	Exchange Differences on Translating Foreign Operations	Other Equity		Treasury Shares	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income			Unearned Employee Benefits			
BALANCE AT JANUARY 1, 2022	\$ 2,693,933	\$ 6,606,321	\$ 1,457,250	\$ 768,711	\$ 3,634,691	\$ 5,860,652	\$ (692,016)	\$ (37,108)	\$ -	\$ (928,443)	\$ 13,503,339	
Appropriation of 2021 earnings												
Legal reserve	-	-	118,903	-	(118,903)	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(39,587)	39,587	-	-	-	-	-	-	
Cash dividends - NT\$4.2 per share	-	-	-	-	(1,131,452)	(1,131,452)	-	-	-	-	(1,131,452)	
Share of changes in subsidiaries and associates accounted for using the equity method	-	(924)	-	-	-	-	-	-	-	-	(924)	
Distribution in cash of the capital surplus - NT\$0.8 per share	-	(215,515)	-	-	-	-	-	-	-	-	(215,515)	
Net income for 2022	-	-	-	-	1,091,229	1,091,229	-	-	-	-	1,091,229	
Other comprehensive income for 2022	-	-	-	-	56,217	56,217	419,893	10,927	-	-	487,037	
Total comprehensive income for 2022	-	-	-	-	1,147,446	1,147,446	419,893	10,927	-	-	1,578,266	
Share-based payment transaction - restricted shares for employees	30,000	188,966	-	-	-	-	-	-	(175,720)	-	43,246	
Share-based payment transaction - cancellation of restricted shares for employees	(600)	(3,786)	-	-	-	-	-	-	4,386	-	-	
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049	
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	192,120	-	-	(7,968)	(7,968)	-	-	-	-	184,152	
Disposal of investments by subsidiaries in equity instruments at fair value through other comprehensive income	-	-	-	-	9,819	9,819	-	(9,819)	-	-	-	
BALANCE AT DECEMBER 31, 2022	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	
Appropriation of 2022 earnings												
Legal reserve	-	-	114,930	-	(114,930)	-	-	-	-	-	-	
Reversal of special reserve	-	-	-	(421,000)	421,000	-	-	-	-	-	-	
Cash dividends - NT\$5 per share	-	-	-	-	(1,361,517)	(1,361,517)	-	-	-	-	(1,361,517)	
Share of changes in subsidiaries and associates accounted for using the equity method	-	(10,839)	-	-	(7,887)	(7,887)	-	-	-	-	(18,726)	
Net income for 2023	-	-	-	-	1,494,266	1,494,266	-	-	-	-	1,494,266	
Other comprehensive loss for 2023	-	-	-	-	(27,480)	(27,480)	(27,913)	(66,074)	-	-	(121,467)	
Total comprehensive income (loss) for 2023	-	-	-	-	1,466,786	1,466,786	(27,913)	(66,074)	-	-	1,372,799	
Share-based payment transaction - restricted shares for employees	-	(820)	-	-	-	-	-	-	105,561	-	104,741	
Share-based payment transaction - cancellation of restricted shares for employees	(300)	(1,893)	-	-	-	-	-	-	2,193	-	-	
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049	
Disposal of investments by subsidiaries in equity instruments at fair value through other comprehensive income	-	-	-	-	60	60	-	(60)	-	-	-	
BALANCE AT DECEMBER 31, 2023	\$ 2,723,033	\$ 6,967,728	\$ 1,691,083	\$ 308,124	\$ 3,976,732	\$ 5,975,939	\$ (300,036)	\$ (102,134)	\$ (63,580)	\$ (928,443)	\$ 14,272,507	

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

SYSTEX CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,523,863	\$ 1,094,968
Adjustments for:		
Depreciation expense	218,013	223,533
Amortization expense	41,083	31,834
Expected credit loss recognized (reversed)	5,290	(6,724)
Gain on financial assets at fair value through profit or loss, net	(67,803)	(334,737)
Loss on disposal of investments accounted for using the equity method	5,964	-
Interest expense	35,693	33,133
Interest income	(4,694)	(6,196)
Dividend income	(49,743)	(49,828)
Compensation cost of share-based payment	88,622	36,687
Share of profit of subsidiaries and associates accounted for using equity method	(1,343,291)	(657,800)
Gain on sale of property, plant and equipment	(138)	(3,069)
Write-down of inventories	1,123	839
Impairment loss on non-financial assets	34,373	25,927
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	864,044	519,088
Notes receivable	1,780	933
Accounts receivable	(107,422)	(552,251)
Receivables from related parties	2,774	292,050
Other receivables	(6,892)	(8,530)
Inventories	(31,267)	(515,780)
Prepayments	(72,499)	(143,392)
Other current assets	6,004	4,066
Notes and accounts payable	108,308	(38,677)
Payables to related parties	340,745	472,649
Other payables	(16,159)	61,358
Contract liabilities	59,817	240,448
Other current liabilities	(93,081)	39,172
Net defined benefit liabilities	(32,724)	(51,438)
Cash generated from operations	1,511,783	708,263
Interest paid	(35,588)	(33,073)
Income tax received (paid)	759	(19,739)
Net cash generated from operating activities	<u>1,476,954</u>	<u>655,451</u>

(Continued)

SYSTEX CORPORATION

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	\$ (10,010)	\$ (24,061)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,106	-
Acquisition of investments accounted for using the equity method	(106,772)	(564,967)
Proceeds from disposal of investments accounted for using the equity method	26,186	477,457
Capital reduction of investments accounted for using the equity method	150,000	4,192
Payments for property, plant and equipment	(65,289)	(131,975)
Proceeds from disposal of property, plant and equipment	9,993	20,114
Increase in refundable deposits	(50,882)	(9,302)
Payments for intangible assets	(17,383)	(88,270)
Proceeds from disposal of intangible assets	969	277
Decrease in long-term receivables	3,766	2,377
Decrease (increase) in pledged time deposits	24,832	(124,503)
Increase in other non-current assets	(80,767)	(3,847)
Interest received	4,354	6,249
Dividends received	49,743	49,828
Dividends received from subsidiaries and associates	<u>853,127</u>	<u>883,306</u>
Net cash generated from investing activities	<u>792,973</u>	<u>496,875</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term loans	(180,000)	380,000
Increase (decrease) in guarantee deposits received	1,185	(186)
Repayment of the principal portion of lease liabilities	(117,826)	(128,113)
Dividends paid	(1,361,517)	(1,131,452)
Distribution in cash from capital surplus	<u>-</u>	<u>(215,515)</u>
Net cash used in financing activities	<u>(1,658,158)</u>	<u>(1,095,266)</u>
NET INCREASE IN CASH	611,769	57,060
CASH AT THE BEGINNING OF THE YEAR	<u>395,174</u>	<u>338,114</u>
CASH AT THE END OF THE YEAR	<u>\$ 1,006,943</u>	<u>\$ 395,174</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2024)

(Concluded)

SYSTEX CORPORATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors on February 27, 2024.

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), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRS accounting standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS accounting standards 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

- c. The IFRS accounting standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
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 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

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

- b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Foreign currencies

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

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

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

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

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

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

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

e. Inventories

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

f. Investments in subsidiaries

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

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

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

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

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

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

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

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

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

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

g. Investment in associates

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

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

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

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

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

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

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

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

h. Property, plant and equipment

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

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

1. Revenue recognition

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

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

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

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

m. Leases

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

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

1) The Corporation as lessor

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

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

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

2) The Corporation as lessee

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

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

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

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

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

o. Share-based payment arrangements

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

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

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

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

p. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. If a 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, and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences, 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 and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Valuation of Receivables

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 224	\$ 224
Checking accounts and demand deposits	<u>1,006,719</u>	<u>394,950</u>
	<u>\$ 1,006,943</u>	<u>\$ 395,174</u>

7. FINANCIAL ASSETS AT FVTPL

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Current</u>		
Financial assets mandatorily classified as at FVTPL		
Mutual funds	\$ <u> -</u>	\$ <u>855,498</u>
<u>Non-current</u>		
Financial assets mandatorily classified as at FVTPL		
Unlisted shares	\$ <u>1,791,458</u>	\$ <u>1,729,941</u>

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Investments in equity instruments		
Unlisted shares	\$ 40,857	\$ 47,653
Listed shares	<u> -</u>	<u>1,017</u>
	<u>\$ 40,857</u>	<u>\$ 48,670</u>

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

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Notes receivable	\$ 16,423	\$ 18,203
Less: Allowance for doubtful accounts	<u>(172)</u>	<u>(172)</u>
	<u>\$ 16,251</u>	<u>\$ 18,031</u>
Accounts receivable	\$ 2,007,186	\$ 1,899,854
Less: Allowance for doubtful accounts	<u>(15,274)</u>	<u>(10,074)</u>
	<u>\$ 1,991,912</u>	<u>\$ 1,889,780</u>
Long-term receivables	\$ 3,084	\$ 7,105
Less: Unrealized interest income	<u>(77)</u>	<u>(332)</u>
	<u>\$ 3,007</u>	<u>\$ 6,773</u>

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

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

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

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

December 31, 2023

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Gross carrying amount	\$ 1,967,863	\$ 24,820	\$ 24,430	\$ 2,468	\$ 4,028	\$ 2,023,609
Loss allowance (Lifetime ECL)	-	-	(8,950)	(2,468)	(4,028)	(15,446)
Amortized cost	<u>\$ 1,967,863</u>	<u>\$ 24,820</u>	<u>\$ 15,480</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,008,163</u>

December 31, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Gross carrying amount	\$ 1,815,017	\$ 85,238	\$ 4,980	\$ 232	\$ 12,590	\$ 1,918,057
Loss allowance (Lifetime ECL)	-	-	-	-	(10,246)	(10,246)
Amortized cost	<u>\$ 1,815,017</u>	<u>\$ 85,238</u>	<u>\$ 4,980</u>	<u>\$ 232</u>	<u>\$ 2,344</u>	<u>\$ 1,907,811</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 10,246	\$ 17,829
Provision (reversal) of loss allowance	5,290	(6,724)
Amount written off	<u>(90)</u>	<u>(859)</u>
Balance at December 31	<u>\$ 15,446</u>	<u>\$ 10,246</u>

10. INVENTORIES

	<u>December 31</u>	
	2023	2022
Merchandise	\$ 1,408,138	\$ 1,402,918
Maintenance parts	<u>6,347</u>	<u>6,788</u>
	<u>\$ 1,414,485</u>	<u>\$ 1,409,706</u>
	For the Year Ended December 31	
	2023	2022
Write-down of inventories	<u>\$ 1,123</u>	<u>\$ 839</u>

Write-down of inventory is mainly due to the decrease in net realizable value.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2023	2022
Investments in subsidiaries	\$ 11,094,294	\$ 10,681,599
Investments in associates	<u>1,461,874</u>	<u>1,441,382</u>
	<u>\$ 12,556,168</u>	<u>\$ 12,122,981</u>

a. Investments in subsidiaries

	<u>December 31</u>	
	2023	2022
Unlisted Corporation		
Kimo.com (BVI) Corporation (Kimo BVI)	\$ 4,250,007	\$ 4,144,305
System Capital Group, Inc. (SCGI)	2,617,752	2,458,889
System Software & Service Corporation (SSSC)	1,310,798	1,249,158
Ching Pu Investment Corporation (Ching Pu) (Notes 4 and 17)	495,388	587,013
Concord System Management Corporation (CSMC)	537,375	413,179
Taifon Computer Co., Ltd. (Taifon)	311,438	319,583
System Solutions Corporation (System Solutions)	348,503	317,688
Golden Bridge Corporation (GBC)	307,454	309,089
Docutek Solutions, Inc. (Docutek Solutions)	274,766	274,150
System Fintech Corporation (SFC, formerly known as Nexsys Corporation and renamed in December 2023)	270,030	268,672
MISYS Corporation (MISYS)	52,946	99,737
E-service Information Corporation (E-service)	101,355	95,969
uniXecure Corporation (uniXecure)	108,762	42,141
Taiwan Information Service Technology Corporation (TIST)	44,487	38,437
Naturint Corporation (Naturint)	13,569	21,162
Syspower Corporation (Syspower)	20,751	22,136
Hanmore Investment Corporation (Hanmore) (Notes 4 and 17)	<u>28,913</u>	<u>20,291</u>
	<u>\$ 11,094,294</u>	<u>\$ 10,681,599</u>

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

Name of Associate	Proportion of Ownership and Voting Rights	
	December 31	
	2023	2022
Syspower	4.67%	4.50%
Hanmore	48.92%	48.92%
TIST	67.38%	67.38%
SFC	70.00%	70.00%
Docutek Solutions	54.92%	54.92%

Refer to Note 29 and Table 7 for the details of the subsidiaries indirectly held by the Corporation.

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

The Corporation and its subsidiaries, collectively, hold more than 50% of the ownership and voting rights of Syspower; therefore, the Corporation has control over Syspower, which is accounted for as subsidiary. Syspower agreed with certain shareholders to buy back its shares in April 2023, which increased the Corporation's interest in Syspower to 4.67%.

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

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

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

The Corporation's share of profit (loss) and other comprehensive income (loss) from subsidiaries using the equity method was recognized based on each subsidiary's audited financial statements for the years ended December 31, 2023 and 2022.

b. Investments in associates

Aggregate information of associates was as follows:

	For the Year Ended December 31	
	2023	2022
The Corporation's share of:		
Net profit for the year	\$ 91,884	\$ 105,279
Other comprehensive income	<u>20,741</u>	<u>10,650</u>
Total comprehensive income for the year	<u>\$ 112,625</u>	<u>\$ 115,929</u>

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

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computer Equipment	Lease Equipment	Leasehold Improvements	Other Equipment	Total
<u>Cost</u>							
Balance at January 1, 2022	\$ 790,793	\$ 1,158,142	\$ 178,314	\$ 13,841	\$ 30,594	\$ 78,563	\$ 2,250,247
Additions	-	-	75,695	14,018	17,158	25,104	131,975
Disposals	(12,666)	(7,240)	(22,050)	(3,046)	(1,037)	(1,124)	(47,163)
Reclassifications	-	-	(4,553)	(46)	-	-	(4,599)
Balance at December 31, 2022	<u>\$ 778,127</u>	<u>\$ 1,150,902</u>	<u>\$ 227,406</u>	<u>\$ 24,767</u>	<u>\$ 46,715</u>	<u>\$ 102,543</u>	<u>\$ 2,330,460</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2022	\$ 7,693	\$ 493,623	\$ 85,935	\$ 8,326	\$ 15,008	\$ 27,591	\$ 638,176
Depreciation expense	-	16,503	46,642	5,892	7,578	17,718	94,333
Disposals	-	(3,373)	(21,773)	(3,046)	(802)	(1,124)	(30,118)
Impairment loss	-	-	5,410	-	-	3,311	8,721
Reclassifications	-	-	(107)	(8)	-	-	(115)
Balance at December 31, 2022	<u>\$ 7,693</u>	<u>\$ 506,753</u>	<u>\$ 116,107</u>	<u>\$ 11,164</u>	<u>\$ 21,784</u>	<u>\$ 47,496</u>	<u>\$ 710,997</u>
Carrying amount at December 31, 2022	<u>\$ 770,434</u>	<u>\$ 644,149</u>	<u>\$ 111,299</u>	<u>\$ 13,603</u>	<u>\$ 24,931</u>	<u>\$ 55,047</u>	<u>\$ 1,619,463</u>
<u>Cost</u>							
Balance at January 1, 2023	\$ 778,127	\$ 1,150,902	\$ 227,406	\$ 24,767	\$ 46,715	\$ 102,543	\$ 2,330,460
Additions	-	-	51,683	23,179	5,150	39,723	119,735
Disposals	-	-	(71,489)	(5,251)	(10,684)	(16,479)	(103,903)
Balance at December 31, 2023	<u>\$ 778,127</u>	<u>\$ 1,150,902</u>	<u>\$ 207,600</u>	<u>\$ 42,695</u>	<u>\$ 41,181</u>	<u>\$ 125,787</u>	<u>\$ 2,346,292</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2023	\$ 7,693	\$ 506,753	\$ 116,107	\$ 11,164	\$ 21,784	\$ 47,496	\$ 710,997
Depreciation expense	-	16,464	45,579	10,360	7,708	19,748	99,859
Disposals	-	-	(61,634)	(5,251)	(10,684)	(16,479)	(94,048)
Balance at December 31, 2023	<u>\$ 7,693</u>	<u>\$ 523,217</u>	<u>\$ 100,052</u>	<u>\$ 16,273</u>	<u>\$ 18,808</u>	<u>\$ 50,765</u>	<u>\$ 716,808</u>
Carrying amount at December 31, 2023	<u>\$ 770,434</u>	<u>\$ 627,685</u>	<u>\$ 107,548</u>	<u>\$ 26,422</u>	<u>\$ 22,373</u>	<u>\$ 75,022</u>	<u>\$ 1,629,484</u>

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

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

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amounts</u>		
Buildings	\$ 203,045	\$ 145,749
Machinery	96,709	30,898
Transportation equipment	<u>-</u>	<u>1,006</u>
	<u>\$ 299,754</u>	<u>\$ 177,653</u>
	For the Year Ended December 31	
	<u>2023</u>	<u>2022</u>
Additions to right-of-use assets	<u>\$ 242,082</u>	<u>\$ 177,791</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 75,625	\$ 95,099
Machinery	41,523	33,003
Transportation equipment	<u>1,006</u>	<u>1,098</u>
	<u>\$ 118,154</u>	<u>\$ 129,200</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Carrying amounts</u>		
Current	<u>\$ 112,328</u>	<u>\$ 71,404</u>
Non-current	<u>\$ 190,790</u>	<u>\$ 109,180</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Buildings	1.00%-1.25%	1.00%-1.25%
Machinery	1.00%-1.25%	1.00%-1.25%
Transportation equipment	-	1.00%

c. Material leasing activities and terms

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

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	<u>\$ 39,048</u>	<u>\$ 17,590</u>
Total cash outflow for leases	<u>\$ 159,673</u>	<u>\$ 147,878</u>

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

The amount of lease commitments for which the recognition exemption is applied were \$7,438 thousand and \$15,056 thousand, respectively, as of December 31, 2023 and 2022.

14. SHORT-TERM LOANS

	December 31	
	2023	2022
Bank unsecured loans	<u>\$ 200,000</u>	<u>\$ 380,000</u>
Annual interest rate	1.68%	1.60%-1.85%

15. BONDS PAYABLE

	December 31	
	2023	2022
Unsecured domestic bonds	\$ 3,000,000	\$ 3,000,000
Less: Discount on bonds payable	<u>(3,367)</u>	<u>(4,580)</u>
	<u>\$ 2,996,633</u>	<u>\$ 2,995,420</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 were used to repay the bank loan and replenish the working capital.

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 465,393	\$ 449,662
Fair value of plan assets	<u>(373,221)</u>	<u>(345,925)</u>
Net defined benefit liability	<u>\$ 92,172</u>	<u>\$ 103,737</u>

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2022	<u>\$ 519,970</u>	<u>\$ (320,687)</u>	<u>\$ 199,283</u>
Service cost			
Current service cost	609	-	609
Net interest expense (income)	<u>2,834</u>	<u>(1,862)</u>	<u>972</u>
Recognized in profit or loss	<u>3,443</u>	<u>(1,862)</u>	<u>1,581</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(25,629)	(25,629)
Actuarial gain - changes in financial assumptions	(45,783)	-	(45,783)
Actuarial loss - experience adjustments	<u>27,304</u>	<u>-</u>	<u>27,304</u>
Recognized in other comprehensive income	<u>(18,479)</u>	<u>(25,629)</u>	<u>(44,108)</u>
Contributions from the employer	-	(53,019)	(53,019)
Benefits paid	<u>(55,272)</u>	<u>55,272</u>	<u>-</u>
Balance at December 31, 2022	<u>449,662</u>	<u>(345,925)</u>	<u>103,737</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Service cost			
Current service cost	\$ 367	\$ -	\$ 367
Net interest expense (income)	<u>6,892</u>	<u>(5,491)</u>	<u>1,401</u>
Recognized in profit or loss	<u>7,259</u>	<u>(5,491)</u>	<u>1,768</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,148)	(2,148)
Actuarial loss - changes in financial assumptions	12,291	-	12,291
Actuarial loss - experience adjustments	<u>11,016</u>	<u>-</u>	<u>11,016</u>
Recognized in other comprehensive income	<u>23,307</u>	<u>(2,148)</u>	<u>21,159</u>
Contributions from the employer	-	(34,492)	(34,492)
Benefits paid	<u>(14,835)</u>	<u>14,835</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 465,393</u>	<u>\$ (373,221)</u>	<u>\$ 92,172</u> (Concluded)

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

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

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

	December 31	
	2023	2022
Discount rates	1.25%	1.55%
Expected rates of salary increase	1.20%	1.20%

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

	December 31	
	2023	2022
Discount rates		
0.5% increase	<u>\$ (20,230)</u>	<u>\$ (20,704)</u>
0.5% decrease	<u>\$ 21,556</u>	<u>\$ 22,123</u>
Expected rates of salary increase		
0.5% increase	<u>\$ 21,457</u>	<u>\$ 22,089</u>
0.5% decrease	<u>\$ (20,337)</u>	<u>\$ (20,873)</u>

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

	December 31	
	2023	2022
The expected contributions to the plan for the next year	<u>\$ 8,306</u>	<u>\$ 26,614</u>
The average duration of the defined benefit obligation	10 years	10 years

17. EQUITY

a. Share capital

	December 31	
	2023	2022
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>272,303</u>	<u>272,333</u>
Share capital issued	<u>\$ 2,723,033</u>	<u>\$ 2,723,333</u>

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

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distribute as cash dividends, or transfer to share capital (1)</u>		
Issuance of shares	\$ 4,486,567	\$ 4,425,972
The difference between the consideration paid or received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal	193,977	193,977
Donations	544	544
Treasury share transactions	2,159,112	2,052,062
<u>May only be used to offset a deficit</u>		
Changes in percentage of ownership interest in subsidiaries and associates (2)	9	11,669
Gain on sale of property, plant and equipment	4,493	4,493
<u>May not be used for any purpose</u>		
Employee restricted shares	<u>123,026</u>	<u>185,514</u>
	<u>\$ 6,967,728</u>	<u>\$ 6,874,231</u>

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

c. Retained earnings and dividends policy

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

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

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

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

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

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

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

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

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

The appropriations of earnings for 2022 and 2021, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2022	2021
Legal reserve	\$ 114,930	\$ 118,903
Reversal of special reserve	\$ (421,000)	\$ (39,587)
Cash dividends	\$ 1,361,517	\$ 1,131,452
Cash dividends per share (NT\$)	\$ 5.0	\$ 4.2

The above cash dividends were approved by the board of directors on April 12, 2023 and 2022, respectively, and the remaining appropriations of earnings were approved by the shareholders in their meetings on May 25, 2023 and May 26, 2022, respectively.

In addition, the board of directors approved the cash distribution of capital surplus arising from issuance of shares on April 12, 2022, amounting to \$215,515 thousand (NT\$0.8 per share).

The appropriation of earnings for 2023 will be resolved by the shareholders in their meeting in May 2024.

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

d. Other equity items

1) Exchange differences on translation of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (272,123)	\$ (692,016)
Share of subsidiaries and associates accounted for using the equity method	(27,913)	419,893
Balance at December 31	\$ (300,036)	\$ (272,123)

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (36,000)	\$ (37,108)
Recognized for the year		
Unrealized loss on equity investments	(16,527)	(940)
Share from subsidiaries and associates accounted for using the equity method	(49,547)	11,867
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	(60)	(9,819)
Balance at December 31	\$ (102,134)	\$ (36,000)

3) Unearned employee benefits

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (171,334)	\$ -
Issuance of shares	-	(219,300)
Cancellation of shares	2,193	4,386
Share-based payment expenses recognized	88,622	36,687
Share-based payment expenses recognized by subsidiaries	<u>16,939</u>	<u>6,893</u>
Balance at December 31	<u>\$ (63,580)</u>	<u>\$ (171,334)</u>

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

e. Treasury shares.

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>2023 and 2022</u>				
Reclassification of the Corporation's shares held by subsidiaries from equity-method investments into treasury shares (in thousands)	<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:

	December 31	
	2023	2022
<u>Hanmore</u>		
Share (in thousands)	<u>21,317</u>	<u>21,317</u>
Investment cost	<u>\$ 738,426</u>	<u>\$ 738,426</u>
Market value	<u>\$ 2,387,468</u>	<u>\$ 1,481,509</u>
<u>Ching Pu</u>		
Share (in thousands)	<u>10,982</u>	<u>10,982</u>
Investment cost	<u>\$ 237,308</u>	<u>\$ 237,308</u>
Market value	<u>\$ 1,229,925</u>	<u>\$ 763,213</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, 2023 and 2022.

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

18. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 6,739,818	\$ 5,728,029
Revenue from the rendering of services	3,742,203	3,351,694
Other operating revenue	<u>70,938</u>	<u>46,853</u>
	<u>\$ 10,552,959</u>	<u>\$ 9,126,576</u>

Contract Balances

	December 31	
	2023	2022
Notes and accounts receivable (including related parties) (Notes 9 and 25)	<u>\$ 2,127,096</u>	<u>\$ 2,029,518</u>
Contract liabilities	<u>\$ 956,407</u>	<u>\$ 896,590</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Corporation's satisfaction of performance obligations and the respective customer's payment.

19. NET PROFIT

a. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 99,859	\$ 94,333
Right-of-use assets	118,154	129,200
Intangible assets	<u>41,083</u>	<u>31,834</u>
	<u>\$ 259,096</u>	<u>\$ 255,367</u>
An analysis of depreciation by function		
Operating costs	\$ 91,996	\$ 79,166
Operating expenses	<u>126,017</u>	<u>144,367</u>
	<u>\$ 218,013</u>	<u>\$ 223,533</u>
An analysis of amortization by function		
Operating costs	\$ 122	\$ 831
Operating expenses	<u>40,961</u>	<u>31,003</u>
	<u>\$ 41,083</u>	<u>\$ 31,834</u>

b. Employee benefits expenses (recognized as operating expenses)

	<u>For the Year Ended December 31</u>	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 91,771	\$ 92,621
Defined benefit plans (Note 16)	<u>1,768</u>	<u>1,581</u>
	93,539	94,202
Compensation cost of share-based payment	88,622	36,687
Payroll	1,991,241	1,995,022
Labor and health insurance	177,440	175,296
Remuneration of directors	32,081	23,052
Other employee benefits	<u>95,157</u>	<u>92,872</u>
Total employee benefits expenses	<u>\$ 2,478,080</u>	<u>\$ 2,417,131</u>

For the years ended December 31, 2023 and 2022, the Corporation had 2,028 and 2,086 employees on average, respectively; the number of board of directors who did not serve concurrently as employees amounted to 11 and 10, respectively.

For the years ended December 31, 2023 and 2022, the average employee benefits expenses amounted to \$1,213 thousand and \$1,153 thousand, respectively, and the average payroll expenses amounted to \$987 thousand and \$961 thousand, respectively. The average payroll expenses increased by 2.71%.

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

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

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

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

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

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

c. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees and remuneration of directors at rates of no less than 0.1% and no higher than 2%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2023 and 2022 which have been approved by the Corporation's board of directors on February 27, 2024 and February 22, 2023, respectively, are as follows:

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 48,122	\$ 34,578
Remuneration of directors	32,081	23,052

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2022 and 2021.

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

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

	For the Year Ended December 31	
	2023	2022
Investments accounted for using the equity method	\$ (5,964)	\$ -

e. Impairment losses recognized

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ -	\$ 8,721
Intangible assets	<u>34,373</u>	<u>17,206</u>
	<u>\$ 34,373</u>	<u>\$ 25,927</u>

20. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 28,812	\$ -
Additional income tax under the Alternative Minimum Tax Act	-	8,343
Additional income tax on unappropriated earnings	5,091	-
Land value increment tax	-	240
Adjustments for prior years' tax	<u>(4,766)</u>	<u>(2,330)</u>
	<u>29,137</u>	<u>6,253</u>
Deferred tax		
In respect of the current year	<u>460</u>	<u>(2,514)</u>
Income tax expense recognized in profit or loss	<u>\$ 29,597</u>	<u>\$ 3,739</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before tax	<u>\$ 1,523,863</u>	<u>\$ 1,094,968</u>
Income tax expense calculated at the statutory rate	\$ 304,773	\$ 218,994
Permanent difference	(275,501)	(221,508)
Additional income tax under the Alternative Minimum Tax Act	-	8,343
Additional income tax on unappropriated earnings	5,091	-
Land value incremental tax	-	240
Adjustments for prior years' tax	<u>(4,766)</u>	<u>(2,330)</u>
Income tax expense recognized in profit or loss	<u>\$ 29,597</u>	<u>\$ 3,739</u>

b. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax assets (included in other current assets)		
Tax refund receivable	<u>\$ 982</u>	<u>\$ 982</u>
Current tax liabilities		
Income tax payable	<u>\$ 31,611</u>	<u>\$ 1,715</u>

c. The movements of deferred tax assets and liabilities

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Closing Balance
<u>Deferred tax assets</u>			
Temporary differences			
Payable for annual leave	\$ 1,856	\$ (158)	\$ 1,698
Allowance for loss on inventories	6,722	(279)	6,443
Others	<u>10,830</u>	<u>(86)</u>	<u>10,744</u>
	<u>\$ 19,408</u>	<u>\$ (523)</u>	<u>\$ 18,885</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Exchange differences on foreign operations	\$ 5,846	\$ -	\$ 5,846
Others	<u>63</u>	<u>(63)</u>	<u>-</u>
	<u>\$ 5,909</u>	<u>\$ (63)</u>	<u>\$ 5,846</u>

For the year ended December 31, 2022

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

d. Income tax assessments

Income tax returns through 2021 and undistributed earnings through 2020 of the Corporation has been assessed by the tax authorities.

21. EARNINGS PER SHARE

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Net income for the year	<u>\$ 1,494,266</u>	<u>\$ 1,091,229</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of basic earnings per share	248,307	247,983
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>496</u>	<u>588</u>
Weighted average number of ordinary shares in the computation of diluted earnings per share	<u>248,803</u>	<u>248,571</u>
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	<u>\$6.02</u>	<u>\$4.40</u>
Diluted earnings per share	<u>\$6.01</u>	<u>\$4.39</u>

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

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Net income for the year	<u>\$ 1,601,315</u>	<u>\$ 1,181,150</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of pro forma basic earnings per share	269,717	269,393
Effect of potentially dilutive ordinary shares:		
Compensation of employees	<u>496</u>	<u>588</u>
Weighted average number of ordinary shares in the computation of pro forma diluted earnings per share	<u>270,213</u>	<u>269,981</u>
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	<u>\$5.94</u>	<u>\$4.38</u>
Diluted earnings per share	<u>\$5.93</u>	<u>\$4.37</u>

22. SHARE-BASED PAYMENT ARRANGEMENTS

- a. 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:
- 1) 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.
 - 2) 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:

- 1) 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.
- 2) The attendance, proposal rights, speech rights, voting rights shall be exercised by the engaged trustee on the employees' behalf.
- 3) 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.
- 4) 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.
- 5) 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.

- b. The vested shares under the RSAs amounted to 960 thousand as of December 31, 2023, with 1,950 thousand shares remaining unvested.
- c. Compensation cost of share-based payment

	<u>For the Year Ended December 31</u>	
	2023	2022
Restricted shares for employees	<u>\$ 88,622</u>	<u>\$ 36,687</u>

23. CAPITAL MANAGEMENT

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

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

24. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 1,791,458	\$ 1,791,458
Financial assets at FVTOCI				
Unlisted shares	\$ -	\$ -	\$ 40,857	\$ 40,857
<u>December 31, 2022</u>				
Financial assets at FVTPL				
Unlisted shares	\$ -	\$ -	\$ 1,729,941	\$ 1,729,941
Mutual funds	855,498	-	-	855,498
	<u>\$ 855,498</u>	<u>\$ -</u>	<u>\$ 1,729,941</u>	<u>\$ 2,585,439</u>
Financial assets at FVTOCI				
Listed shares	\$ 1,017	\$ -	\$ -	\$ 1,017
Unlisted shares	-	-	47,653	47,653
	<u>\$ 1,017</u>	<u>\$ -</u>	<u>\$ 47,653</u>	<u>\$ 48,670</u>

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

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

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTPL	Financial Assets at FVTOCI	Total
	Equity Instruments	Equity Instruments	
Balance at January 1	\$ 1,729,941	\$ 47,653	\$ 1,777,594
Recognized in profit or loss	62,461	-	62,461
Recognized in other comprehensive income	-	(16,615)	(16,615)
Purchases	-	10,010	10,010
Capital reduction	(944)	(191)	(1,135)
Balance at December 31	<u>\$ 1,791,458</u>	<u>\$ 40,857</u>	<u>\$ 1,832,315</u>
Unrealized gain for the current year included in profit or loss relating to assets held at the end of the year	<u>\$ 62,461</u>		<u>\$ 62,461</u>

For the year ended December 31, 2022

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

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

Financial Instruments	Valuation Techniques and Inputs
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>2023</u>	<u>2022</u>
<u>Financial assets</u>		
FVTPL	\$ 1,791,458	\$ 2,585,439
Amortized cost (1)	3,685,516	2,945,617
FVTOCI	40,857	48,670
<u>Financial liabilities</u>		
Amortized cost (2)	6,589,564	6,334,271

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

d. Financial risk management objectives and policies

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

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

1) Market risk

a) Foreign currency risk

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

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

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Increase/decrease	\$ (2,359)	\$ (313)

b) Interest rate risk

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 236,734	\$ 261,566
Financial liabilities	3,196,633	3,375,420
Cash flow interest rate risk		
Financial assets	1,006,719	394,950

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

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

	For the Year Ended December 31	
	2023	2022
Increase/decrease	\$ 1,007	\$ 395

c) Other price risk

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

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

	For the Year Ended December 31	
	2023	2022
Pre-tax income		
Increase/decrease	\$ 89,573	\$ 129,272
Other comprehensive income		
Increase/decrease	2,043	2,434

2) Credit risk

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

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

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

3) Liquidity risk

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

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

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

25. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and their relationship with the Corporation

<u>Related Parties</u>	<u>Relationship with the Corporation</u>
Taifon Computer Co., Ltd. (Taifon)	Subsidiary
System Solutions Corporation (System Solutions)	Subsidiary
Syspower Corporation (Syspower)	Subsidiary
Concord System Management Corporation (CSMC)	Subsidiary
System Fintech Corporation (SFC)	Subsidiary
Ching Pu Investment Corporation (Ching Pu)	Subsidiary
Golden Bridge Corporation (GBC)	Subsidiary
Hanmore Investment Corporation (Hanmore)	Subsidiary
Kimo.com (BVI) Corporation (Kimo BVI)	Subsidiary
Naturint Corporation (Naturint)	Subsidiary
System Software & Service Corporation (SSSC)	Subsidiary
Softmobile Technology Corporation (Softmobile)	Subsidiary
Syscore Corporation (Syscore)	Subsidiary
Syslink Corporation (Syslink)	Subsidiary
Syswiser Technology Corporation (Syswiser)	Subsidiary
Smartsys Technology Corporation (Smartsys)	Subsidiary
Top Information Technologies Co., Ltd. (Top Information)	Subsidiary
E-service Information Corporation (E-service)	Subsidiary
Taiwan Information Service Technology Corporation (TIST)	Subsidiary

(Continued)

<u>Related Parties</u>	<u>Relationship with the Corporation</u>
Palsys Digital Technology Corporation (Palsys)	Subsidiary
uniXecure Corporation (uniXecure)	Subsidiary
Docutek Solutions, Inc. (Docutek Solutions)	Subsidiary
MISYS Corporation (MISYS)	Subsidiary
Systex Information (HK) Ltd. (Systex HK)	Subsidiary
Systek Information (Shanghai) Ltd. (Systek)	Subsidiary
Sysware Shenglong Information Systems Co., Ltd. (Sysware Shenglong)	Subsidiary
Systex Rainbow Tech Inc. (Systex Rainbow)	Subsidiary
Systex Group (China) Limited (Systex China)	Subsidiary
Dawning Technology Inc. (Dawning)	Subsidiary
Investment Media Ltd. (IM)	Associate
Sanfran Technologies Inc. (Sanfran)	Associate
Systemweb Technologies Co., Ltd. (Systemweb)	Associate
Shengsen Cloud Technology (Shengsen)	Associate (Note 1)
Frog-jump Information Co., Ltd. (Frog-jump)	Associate
Retail System Co., Ltd. (Retail System)	Associate (Note 2)
Neweb Information Co., Ltd. (Neweb)	Associate
Fuco Technology Co., Ltd. (Fuco)	Associate
AIWin Technology Co., Ltd. (AIWin)	Associate
Genesis Technology Inc. (Genesis)	Associate
FinRobo Advisor Securities Investment Consulting Co., Ltd. (FinRobo)	Associate
Bao Ruh Electronic Co., Ltd. (Bao Ruh)	Associate
Teamplus Technology Inc. (Teamplus)	Associate
Green World FinTech Service Co., Ltd. (Green World)	Director of subsidiary

(Concluded)

Note 1: Shengsen Cloud Technology was no longer a related party to the Corporation since June 2023.

Note 2: Retail System Co., Ltd. was no longer a related party to the Corporation since June 2023.

b. Operating revenue

Line Item	Related Party Category	<u>For the Year Ended December 31</u>	
		2023	2022
Sales	Subsidiary	\$ 130,275	\$ 124,855
	Associate	<u>12,623</u>	<u>28,085</u>
		<u>\$ 142,898</u>	<u>\$ 152,940</u>
Service revenue	Subsidiary	\$ 153,074	\$ 147,285
	Associate	<u>2,961</u>	<u>6,342</u>
		<u>\$ 156,035</u>	<u>\$ 153,627</u>

c. Purchases

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiary		
SSSC	\$ 1,194,628	\$ 1,022,212
Others	745,254	882,953
Associate	<u>14,627</u>	<u>18,973</u>
	<u>\$ 1,954,509</u>	<u>\$ 1,924,138</u>

d. Receivables from related parties

Line Item	Related Party Category	December 31	
		2023	2022
Receivables from related parties	Subsidiary	\$ 117,530	\$ 113,974
	Associate	<u>1,403</u>	<u>7,733</u>
		<u>\$ 118,933</u>	<u>\$ 121,707</u>

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2023	2022
Payables to related parties	Subsidiary		
	SSSC	\$ 977,478	\$ 678,472
	Others	245,870	201,499
	Associate	<u>7,332</u>	<u>9,964</u>
		<u>\$ 1,230,680</u>	<u>\$ 889,935</u>

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

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

Related Party Category/Name	For the Year Ended December 31	
	2023	2022
Subsidiary		
Dawning	\$ 35	\$ 24,143
Others	9,023	20,978
Associate	<u>360</u>	<u>240</u>
	<u>\$ 9,418</u>	<u>\$ 45,361</u>

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

Related Party Category/Name	Proceeds		Gain on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2023	2022	2023	2022
Subsidiary				
uniXecure	\$ 7,331	\$ 190	\$ -	\$ -
MISYS	1,954	-	-	-
Others	<u>283</u>	<u>86</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,568</u>	<u>\$ 276</u>	<u>\$ -</u>	<u>\$ -</u>

h. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Service cost	Subsidiary	\$ 69,112	\$ 61,702
	Associate	<u>15,022</u>	<u>19,785</u>
		<u>\$ 84,134</u>	<u>\$ 81,487</u>
Operating expenses	Subsidiary	\$ 34,789	\$ 22,261
	Associate	<u>479</u>	<u>4,068</u>
		<u>\$ 35,268</u>	<u>\$ 26,329</u>
Revenue of management fee (recognized as deduction of operating expenses)	Subsidiary	<u>\$ 132,609</u>	<u>\$ 122,941</u>
Other income	Subsidiary		
	SFC	\$ 3,484	\$ 3,484
	Others	<u>2,741</u>	<u>1,777</u>
		<u>\$ 6,225</u>	<u>\$ 5,261</u>
Interest income	Subsidiary		
	CSMC	\$ -	\$ 2,243
	SSSC	-	1,653
	System Solutions	<u>-</u>	<u>959</u>
		<u>\$ -</u>	<u>\$ 4,855</u>

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 161,741	\$ 138,151
Post-employment benefits	1,783	1,860
Termination benefits	-	3,460
Share-based payment	<u>76,317</u>	<u>31,054</u>
	<u>\$ 239,841</u>	<u>\$ 174,525</u>

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

26. PLEDGED ASSETS

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

	December 31	
	2023	2022
Pledged time deposits - current (included in other financial assets - current)	\$ 204,333	\$ 226,017
Pledged time deposits - non-current (included in other financial assets - non-current)	<u>32,401</u>	<u>35,549</u>
	<u>\$ 236,734</u>	<u>\$ 261,566</u>

27. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant commitments and contingencies of the Corporation as of December 31, 2023 and 2022 were as follows:

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

	December 31	
	2023	2022
	<u>\$ 713</u>	<u>\$ 658</u>

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

	December 31	
	2023	2022
	<u>\$ 3,895,081</u>	<u>\$ 3,541,429</u>

c. Please refer to Table 2 for information that the Corporation provided endorsements for others.

- d. The Corporation issues gift certificates and gift cards. For the handling of advance receipts from customers for sold gift certificates and gift cards, the Corporation entered into a trust agreement with E.SUN Commercial Bank according to the “Provision to be Included in Standard Form Contract of All Sorts of Gift Certificates of Retail Companies” issued by the Ministry of Economic Affairs. According to the trust agreement, the Corporation opened a trust account in E.SUN Commercial Bank. Advance receipts from customers for sold gift certificates are deposited in the trust account and amounts for services already provided to customers are paid to the Corporation on a monthly basis. The balance in the trust account should be not lower than the amount of outstanding gift certificates and gift cards. As of December 31, 2023, the Corporation’s assets in the trust account amounted to \$137,346 thousand (included in other financial assets).

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

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

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary item			
USD	\$ 1,657	30.705	\$ 50,886
Non-monetary item			
Investment accounted for using equity method			
USD	223,669	30.705	6,867,759
<u>Financial liabilities</u>			
Monetary item			
USD	3,194	30.705	98,075

December 31, 2022

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

For 2023 and 2022 realized and unrealized net foreign exchange (losses) gains were \$(332) thousand and \$2,146 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 of the Corporation.

29. SEPARATELY DISCLOSED ITEMS

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

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

c. Information on investments in mainland China

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

- d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

SYSTEX CORPORATION

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	Concord System Management Corporation	Receivables from related parties	Y	\$ 500,000	\$ -	\$ -	2.00	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,854,501	\$ 5,709,003	(Note 3)
1	Systex Group (China) Ltd.	Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	135,519	130,056	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 4)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	225,865	216,760	95,374	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 5)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	22,587	-	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 6)
		Systex Ucom (Shanghai) Information Ltd. Co.	Receivables from related parties	Y	225,865	216,760	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 7)
2	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	271,038	260,112	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 8)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	45,173	43,352	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 9)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	45,173	-	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 10)
3	Systex Rainbow Tech Inc.	Systex Group (China) Ltd.	Receivables from related parties	Y	90,346	86,704	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 11)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	45,173	43,352	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 12)
4	Sysware Shenglong Information Systems Co., Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	45,173	-	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 13)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	45,173	-	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,854,501	5,709,003	(Note 14)
5	Syspower Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	160,000	-	-	2.00	Short-term financing	-	Operating capital	-	-	-	179,911	177,911	(Note 15)
6	Concord System Management Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	70,000	-	-	2.00	Business Relations	351,204	Operating capital	-	-	-	351,204	216,438	(Note 16)
7	Syscore Corporation	Concord System Management Corporation	Receivables from related parties	Y	300,000	300,000	200,000	2.00	Short-term financing	-	Operating capital	-	-	-	1,411,634	1,411,634	(Note 17)
8	Syslink Corporation	Concord System Management Corporation	Receivables from related parties	Y	150,000	-	-	2.00	Short-term financing	-	Operating capital	-	-	-	553,246	553,246	(Note 18)
		Palsys Digital Technology Corporation	Receivables from related parties	Y	160,000	160,000	-	2.00	Short-term financing	-	Operating capital	-	-	-	553,246	553,246	(Note 19)

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\$500,000 thousand.

Note 4: The highest balance for the period is NT\$135,519 thousand (RMB30,000 thousand). The ending balance is NT\$130,056 thousand (RMB30,000 thousand), which has not been withdrawn.

Note 5: The highest balance for the period is NT\$225,865 thousand (RMB50,000 thousand). The ending balance is NT\$216,760 thousand (RMB50,000 thousand), including NT\$121,386 thousand (RMB28,000 thousand) which has not been withdrawn.

Note 6: The highest balance for the period is NT\$22,587 thousand (RMB5,000 thousand).

Note 7: The highest balance for the period is NT\$225,865 thousand (RMB50,000 thousand). The ending balance is NT\$216,760 thousand (RMB50,000 thousand) which has not been withdrawn.

(Continued)

- Note 8: The highest balance for the period is NT\$271,038 thousand (RMB60,000 thousand). The ending balance is NT\$260,112 thousand (RMB60,000 thousand) which has not been withdrawn.
- Note 9: The highest balance for the period is NT\$45,173 thousand (RMB10,000 thousand). The ending balance is NT\$43,352 thousand (RMB10,000 thousand) which has not been withdrawn.
- Note 10: The highest balance for the period is NT\$45,173 thousand (RMB10,000 thousand).
- Note 11: The highest balance for the period is NT\$90,346 thousand (RMB20,000 thousand). The ending balance is NT\$86,704 thousand (RMB20,000 thousand) which has not been withdrawn.
- Note 12: The highest balance for the period is NT\$45,173 thousand (RMB10,000 thousand). The ending balance is NT\$43,352 thousand (RMB10,000 thousand) which has not been withdrawn.
- Note 13: The highest balance for the period is NT\$45,173 thousand (RMB10,000 thousand).
- Note 14: The highest balance for the period is NT\$45,173 thousand (RMB10,000 thousand).
- Note 15: The highest balance for the period is NT\$160,000 thousand.
- Note 16: The highest balance for the period is NT\$70,000 thousand.
- Note 17: The highest balance for the period is NT\$300,000 thousand. The ending balance is NT\$300,000 thousand which has been withdrawn NT\$100,000 thousand.
- Note 18: The highest balance for the period is NT\$150,000 thousand.
- Note 19: The highest balance for the period is NT\$160,000 thousand. The ending balance is NT\$160,000 thousand which has not been withdrawn.
- Note 20: The ending balance of actual amount borrowed was eliminated in the consolidated financial statements.

(Concluded)

SYSTEX CORPORATION

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	\$ 3,568,127	\$ 405,313	\$ 383,813	\$ 122,666	\$ -	2.69	\$ 7,136,253	Y	N	N	(Notes 2 and 3)
		Systex Group (China) Ltd.	b	3,568,127	1,831,037	1,744,838	584,114	-	12.23	7,136,253	Y	N	Y	(Notes 2 and 3)
		Systek Information (Shanghai) Ltd.	b	3,568,127	16,213	15,353	-	-	0.11	7,136,253	Y	N	Y	(Notes 2 and 3)
		Systex Rainbow Tech Inc.	b	3,568,127	48,638	46,058	-	-	0.32	7,136,253	Y	N	Y	(Notes 2 and 3)
		Systex Ucom (Shanghai) Information Ltd. Co.	b	3,568,127	135,519	130,056	35,177	-	0.91	7,136,253	Y	N	Y	(Notes 2 and 3)
		Systex Software & Service Corporation	b	3,568,127	1,000,000	1,000,000	695,742	-	7.01	7,136,253	Y	N	N	(Notes 2 and 3)
1	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	d	884,834	225,865	216,760	195,084	216,760	48.99	884,834	N	N	Y	(Notes 4 and 5)

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

- a. Companies that have business dealings.
- b. A company in which the company directly or indirectly holds more than 50% of the voting shares.
- c. Companies in which the company directly or indirectly holds more than 50% of the voting shares.
- d. Companies in which the company directly or indirectly holds more than 90% of the voting shares.
- e. A company that is mutually insured under a contract between peers or co-founders for the purpose of contracting for work.
- f. A company whose joint investment is guaranteed by all contributing shareholders in proportion to their shareholdings.
- g. Inter-industry companies that engage in performance guarantee and joint guarantee for pre-sale contracts in accordance with the Consumer Protection Act.

Note 2: Limits on endorsements/guarantees amount shall not exceed 25% of the net worth of the provider.

Note 3: The maximum balance for the period shall not exceed 50% of the net worth of the provider.

Note 4: Limits on endorsements/guarantees amount shall not exceed 200% of the net worth in previous year end of the provider.

Note 5: The maximum balance for the period shall not exceed 200% of the net worth in previous year end of the provider.

SYSTEX CORPORATION

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

(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, 2023				Note	
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value		
Controlling company - System Corporation	<u>Ordinary shares</u>								
	GCH Systems		Financial assets at FVTPL - non-current	56,226	\$ -	0.74	\$ -		
	Taiwan Futures Exchange Corporation		"	17,919,276	1,493,636	3.28	1,493,636		
	Saho Corporation		"	795,895	-	1.79	-		
	Far Eastern Electronic Toll Collection Co., Ltd.		"	25,263,076	261,588	8.42	261,588		
	Sysjust Co., Ltd.		"	1,108,592	22,283	4.22	22,283		
	3Probe Technologies Co., Ltd.		"	205,567	1,523	6.42	1,523		
	Da Ho Marketing Co., Ltd.		"	1,260,000	12,428	14.63	12,428		
	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	33,137	429	0.50	429	
	Alpha Core Philosophy Co., Ltd.			"	555,560	366	1.69	366	
	iSpan International Inc.			"	600,000	7,258	6.12	7,258	
	Firstweb Limited			"	236,000	32,804	3.58	32,804	
		<u>Preference shares</u>							
	Gemini Data, Inc.		Financial assets at FVTOCI - non-current	7,720,167	-	3.49	-		
Subordinate company - Ching Pu Investment Corporation	<u>Ordinary shares</u>								
	System Corporation	Parent company	Financial assets at FVTOCI - non-current	10,981,476	1,229,925	4.03	1,229,925	(Note 2)	
	Enova Technology Corp.		Financial assets at FVTPL - non-current	1,177,629	-	5.57	-		
	Princo Co., Ltd.		"	8,558,064	-	2.08	-		
	Sysjust Co., Ltd.		"	1,276,448	25,656	4.85	25,656		
	Axtronics Inc.		"	64,063	-	0.37	-		
	Universal EC Inc.		"	111,829	-	0.22	-		
	Taiwan Electronic Packaging Co., Ltd.		"	326,000	-	0.54	-		
		<u>Mutual funds</u>							
	Fuh Hwa Legend Fund VI		Financial assets at FVTPL - current	250,000	6,773	-	6,773		
Yuanta 0-2 Year Investment Grade Corporate Bond Fund-TWD (A)		"	1,000,000	10,346	-	10,346			

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Taiwan Information Service	<u>Ordinary shares</u> Changzhou Xinguotai Information Equipment Co., Ltd. Taione International Ltd. Drpacific-Greater China, Inc.		Financial assets at FVTPL - non-current	80,000	\$ -	13.11	\$ -	
			"	630,000	-	4.50	-	
			"	-	-	5.06	-	
Subordinate company - Hanmore Investment Corporation	<u>Ordinary shares</u> System Corporation Monterey International Corp. Enova Technology Corp. NITS Technology Inc. <u>Mutual funds</u> PineBridge Global ESG Quantitative Bond Fund A Fuh Hwa Three to eight-year flexible maturity A-grade bond TWD fund	Parent company	Financial assets at FVTOCI - non-current	21,316,678	2,387,468	7.82	2,387,468	(Note 2)
			Financial assets at FVTPL - non-current	1,196,371	11,958	4.68	11,958	
			"	1,840,046	-	8.70	-	
			"	3,910,646	-	5.83	-	
			Financial assets at FVTPL - current	968,720	8,890	-	8,890	
			"	1,500,000	15,221	-	15,221	
Subordinate company - System Capital Group, Inc.	<u>Ordinary shares</u> Com2B Corp. Techgains International Corp. Tradetrek.com Inc. Sipix Technology Limited Falcon Stor Software Inc. MagiCapital Fund II, L.P. <u>Preference shares</u> Techgains Pan-Pacific Corporation CipherMax Tonbu Inc. Gemini Data, Inc. <u>Other</u> Current Ventures II Limited		Financial assets at FVTPL - non-current	1,000,000	-	2.22	-	
			"	1,500,000	-	4.41	-	
			"	1,109,468	-	3.30	-	
			"	279,919	-	0.24	-	
			Financial assets at FVTPL - current	4,000	165	0.07	165	
			Financial assets at FVTOCI - non-current	-	135,604	2.91	135,604	
			Financial assets at FVTPL - non-current	3,000,000	-	4.96	-	
			"	73,703	-	0.74	-	
			"	333,333	-	1.38	-	
			Financial assets at FVTOCI - non-current	25,611,876	-	11.59	-	
			Financial assets at FVTOCI - non-current	2,500,000	-	4.20	-	
Subordinate company - Syscore Corporation	<u>Ordinary shares</u> Far Eastern Electronic Toll Collection Co., Ltd. GrandTech C.G. Systems Inc. <u>Preference shares</u> Taiwania Capital Buffalo Fund Preference Shares - Class A <u>Limited partnership</u> Digital-Economy limited partnership		Financial assets at FVTPL - non-current	7,716,831	79,905	2.57	79,905	
			Financial assets at FVTOCI - non-current	600,000	39,720	0.97	39,720	
			Financial assets at FVTPL - non-current	92,600,000	74,215	2.15	74,215	
			Financial assets at FVTPL - non-current	-	30,086	6.29	30,086	
			Financial assets at FVTPL - non-current	-	30,086	6.29	30,086	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	<u>Mutual funds</u>							
	Taishin Flexible Income Bond Fund		Financial assets at FVTPL - current	300,000	\$ 3,004	-	\$ 3,004	
	Allianz Global Investors US Short Duration High Income Bond Fund		"	3,000,000	32,459	-	32,459	
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund-TWD (A)		"	2,000,000	20,693	-	20,693	
	Yuanta Japan Leaders Equity Fund-TWD (A)		"	3,015,075	30,151	-	30,151	
	Fuh Hwa Lengend Fund VI		"	14,900,000	403,641	-	403,641	
	<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	-	502,442	-	502,442	(Note 3)
	<u>Ordinary shares</u>							
Subordinate company - Syslink Corporation	Caloudi Corporation		Financial assets at FVTOCI - non-current	1,225,000	26,342	19.68	26,342	
	CKMATES INTERNATIONAL CO., LTD		"	2,370,000	19,036	19.01	19,036	
	AIWin Technology Co., Ltd. (AIWin)		Financial assets at FVTPL - current	180,000	3,600	10.64	3,600	
	<u>Ordinary shares</u>							
Subordinate company - Kimo.com (BVI) Corporation	ISHARES A50 (2823.HK)		Financial assets at FVTPL - current	392,000	18,574	-	18,574	
	CSOP A50 (2822.HK)		"	397,000	17,673	-	17,673	
	<u>Mutual funds</u>							
	ALLIANZ GLOBAL ARTIFICIAL INTELLIGENCE-CLASS AT ACC (USD)		Financial assets at FVTPL - current	15,768	12,264	-	12,264	
	ALLIANZ TOTAL RETURN ASIAN EQUITY-CLASS A DIS (USD)		"	10,352	10,352	-	10,352	
	ALLIANZ CHINA A SHARES SHS-AT (USD)		Financial assets at FVTPL - current	75,810	21,811	-	21,811	
	<u>Other</u>							
	New Economy Ventures L.P		Financial assets at FVTPL - non-current	-	80,182	14.73	80,182	
	<u>Preference shares</u>							
	XREX Inc.		Financial assets at FVTOCI - non-current	254,148	1,334	0.96	1,334	
	<u>Ordinary shares</u>							
Subordinate company - Syslong Corporation	SMY Internet of Package Co., Ltd.		Financial assets at FVTOCI - non-current	234,568	15,716	0.19	15,716	

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 transactions were eliminated.

Note 3: The carrying amount includes the unamortized bond premium of \$2,442 thousand generated from acquiring the bonds from the Corporation and Ching Pu Investment Corporation. In preparing the consolidated financial statements, the amount was eliminated.

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

(Concluded)

SYSTEX CORPORATION

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(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)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount (Note)
Controlling company - Systex Corporation	<u>Mutual funds</u>													
	CTBC Hwa-Win Money Market Fund	Financial assets at FVTPL - current	-	-	-	\$ -	47,306,246	\$ 530,000	47,306,246	\$ 530,559	\$ 530,000	\$ 559	-	\$ -
	Fuh Hwa Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	25,561,533	375,000	25,561,533	375,349	375,000	349	-	-
	Capital Money Market Fund	Financial assets at FVTPL - current	-	-	11,600,930	190,000	17,356,124	285,000	28,957,054	475,780	475,000	780	-	-
	Taishin Ta-Chong Money Market Fund	Financial assets at FVTPL - current	-	-	13,174,412	190,000	10,022,041	145,000	23,196,453	335,868	335,000	868	-	-
	UPAMC James Bond Money Market Fund	Financial assets at FVTPL - current	-	-	11,218,908	190,000	11,184,172	190,000	22,403,080	380,969	380,000	969	-	-
	Jih Sun Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	35,076,634	530,000	35,076,634	530,423	530,000	423	-	-
Subordinate company - Systex Software & Service Corporation	<u>Mutual funds</u>													
	Taishin Ta-Chong Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	32,454,166	470,000	32,454,166	470,581	470,000	581	-	-
	Mega Diamond Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	36,362,468	465,000	36,362,468	465,624	465,000	624	-	-

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

SYSTEX CORPORATION

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(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 - System Corporation	System Software & Service Corporation Dawning Technology Inc. Palsys Digital Technology Corporation	Subsidiary	Purchase	\$ 1,194,628	20	78 days after transaction month	\$ -	-	\$ (977,478)	37
		Subsidiary	Purchase	167,510	3	78 days after transaction month	-	-	(43,855)	2
		Subsidiary	Purchase	504,797	9	78 days after transaction month	-	-	(103,817)	4
Subordinate company - System Software & Service Corporation	System Corporation	Parent company	Sale	(1,194,628)	13	78 days after transaction month	-	-	977,478	42
Subordinate company - Dawning Technology Inc.	System Corporation	Parent company	Sale	(167,510)	6	78 days after transaction month	-	-	43,855	6
Subordinate company - Palsys Digital Technology Corporation	System Corporation Concord System Management Corporation	Parent company	Sale	(504,797)	25	78 days after transaction month	-	-	103,817	32
		Associate	Sale	(325,980)	16	78 days after transaction month	-	-	47,466	14
Subordinate company - Concord System Management Corporation	Palsys Digital Technology Corporation	Associate	Purchase	325,980	19	78 days after transaction month	-	-	(47,466)	14
Subordinate company - System Group (China) Ltd.	System Ucom (Shanghai) Information Ltd. Co.	Associate	Purchase	236,576	10	120 days after transaction month	-	-	(16,066)	3
Subordinate company - System Ucom (Shanghai) Information Ltd. Co.	System Group (China) Ltd.	Associate	Sale	(236,576)	89	120 days after transaction month	-	-	16,066	45
Subordinate company - Rainbow Tech Information (HK) Ltd.	System Information (HK) Ltd.	Associate	Purchase	186,509	47	30 days after transaction month	-	-	(60,347)	66
Subordinate company - System Information (HK) Ltd.	Rainbow Tech Information (HK) Ltd.	Associate	Sale	(186,509)	14	30 days after transaction month	-	-	60,347	14

Note: In preparing the consolidated financial statements, the transactions were eliminated.

SYSTEX CORPORATION

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

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
<u>Subordinate company</u> System Software & Service Corporation	System Corporation	Parent company (Note)	\$ 977,478	1.41	\$ -	-	\$ 32,013	\$ -
Palsys Digital Technology Corporation	System Corporation	Parent company (Note)	103,817	7.72	-	-	107,557	-

Note: In preparing the consolidated financial statements, the transactions were eliminated.

SYSTEX CORPORATION

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	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	\$ 3,687	\$ -	\$ -	-
	Hanmore Investment Corporation	Taiwan	General investment activities	47,125	47,125	9,640,680	48.92	28,913	106,304	(137)	Subsidiary (1, 3)
	Ching Pu Investment Corporation	Taiwan	General investment activities	30,775	50,472	23,437,500	100.00	495,388	130,163	76,000	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	30,413,372	100.00	537,375	134,601	132,521	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	51,085	(6,999)	(2,373)	-
	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	311,438	41,343	41,924	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	50,551	78,913	10,842	-
	Golden Bridge Corporation	Taiwan	General investment activities	230,000	230,000	23,000,000	100.00	307,454	44,904	44,904	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	1,310,798	506,842	507,002	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	4.67	20,751	51,072	2,424	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	348,503	63,743	64,875	Subsidiary (3)
	Systex Fintech 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	290,500	13,996,500	70.00	270,030	73,487	47,823	Subsidiary (3)
	Systex Capital Group, Inc.	British Virgin Island	Investment activities including financial trust and holding	91,695	91,695	550	100.00	2,617,752	227,480	227,582	Subsidiary (3)
	Kimo.com (BVI) Corporation	British Virgin Island	Investment activities including financial trust and holding	13,185	13,185	500,000	100.00	4,250,007	146,723	146,348	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	13,569	(7,594)	(7,593)	Subsidiary (3)
	FinRobo Advisor Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment advisor	23,272	16,500	1,500,000	30.00	6,094	(5,344)	(678)	-
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	11,173	2,032	796	-	
Shengsen Cloud Technology	Taiwan	Information software service	-	10,800	-	-	-	-	2,561	(Note 4)	

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Ratio (%)	Carrying Amount			
Ching Pu Investment Corporation	Retail System Co.	Taiwan	Manufacturing, processing, assembling and sale of business machinery equipment	\$ -	\$ 24,000	-	-	\$ -	\$ -	\$ 1,695	-
	Frog-jump Information Co., Ltd.	Taiwan	Information software service	18,969	18,969	863,202	10.00	13,855	19,463	2,056	-
	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	-	(3,553)	-	-
	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	27,693,289	27.90	1,041,002	285,433	49,998	-
	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	101,355	10,287	9,466	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	83,014	64,910	16,513	-
	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	44,487	8,979	6,050	Subsidiary (3)
	Collaboration Co., Ltd.	Taiwan	General investment activities	200,015	200,015	6,160,000	44.55	201,413	26,077	10,474	-
	UniXecure Corporation	Taiwan	Design, construction and sale of telecom instrument, electronic calculator and computer	150,000	50,000	15,000,000	100.00	108,762	(33,684)	(33,379)	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	286,000	7,568,413	54.92	274,766	66,739	32,388	Subsidiary (3)
	MISYS Corporation	Taiwan	Information software service	100,000	100,000	10,000,000	100.00	52,946	(46,791)	(46,791)	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	155,131	2,698,643	69.59	11,167	110	-	Subsidiary (3)
	Investment Media Ltd.	Taiwan	Magazine and book publishing	95,600	95,600	4,000,000	40.00	81,522	22,000	-	-
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	38.60	171,680	51,072	-	Subsidiary (3)	
Golden Bridge Corporation	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	44.05	195,919	51,072	-	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	72,170	22,493	-	Subsidiary (3)
Syscore Corporation	Syslink Corporation	Taiwan	General investment activities	1,400,000	1,400,000	140,000,000	100.00	1,383,116	183,373	-	Subsidiary (3)
	Syslong Corporation	Taiwan	General investment activities	250,000	250,000	25,000,000	100.00	253,916	2,154	-	Subsidiary (3)

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Ratio (%)	Carrying Amount			
Syslink Corporation	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	\$ 103,638	\$ 93,000	3,631,877	29.63	\$ 70,770	\$ 53,117	\$ -	-
	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	25,793	13,618	-	-
	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	3,906,996	3.94	143,596	285,433	-	-
	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	12,110	(825)	-	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	4,007	(2,379)	-	Subsidiary (3)
	Palsys Digital Technology Corporation (Palsys)	Taiwan	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	272,351	-	24,794,862	79.26	299,614	48,341	-	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	743,963	32,608,896	91.60	707,172	99,698	-	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	-	-	-	(13,769)	-	(Note 5)
	CKmates International Co., Ltd.	Taiwan	Type II telecommunications business, internet certificates service, and retail sale of computer software	-	60,002	-	-	-	(5,122)	-	(Note 4)
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	213,271	23,280	-	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	1,081,457	860,852	262,336,600	100.00	1,004,619	46,320	-	Subsidiary (3)
	Systex Solutions (HK) Limited	Hong Kong	Investment activities including financial trust and holding	316,050	316,050	10,400,000	100.00	354,688	15,783	-	Subsidiary (3)
	Rainbow Tech Information (HK) Ltd.	Hong Kong	Sale of computer and peripheral equipment, retailing and processing of information of software	114,690	58,384	27,426,823	92.00	131,130	17,033	-	Subsidiary (3)
	Syscore Corporation	Taiwan	General investment activities	1,600,000	1,600,000	160,000,000	55.17	1,947,081	352,981	-	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	24,485	11,000	100.00	15,831	(6,475)	-	Subsidiary (3)
	QFPay Haojin FinTech Limited	Hong Kong	Online and offline mobile payment, one-stop smart collection and trade, Information Technology Services	143,350	95,574	85,834	28.61	110,933	(31,423)	-	-
Spread-it Limited	Aillumission Co., Ltd.	Hong Kong	Social media marketing business	2,959	-	85,834	28.61	9,390	27,195	-	-
		Japan	Mobile Network Construction, ICT infrastructure Construction, DX/ICT solution services, AI consultations	106,435	106,435	200	20.00	15,756	(6,161)	-	-

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	Ratio (%)	Carrying Amount			
System Capital Group, Inc.	Syscore Corporation	Taiwan	General investment activities	\$ 1,300,000	\$ 1,300,000	130,000,000	44.83	\$ 1,582,003	\$ 352,981	\$ -	Subsidiary (3)
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	-	-	-	48,341	-	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	11,488	(9,343)	-	-
System Software & Service Corporation	Smartsys Technology Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	15,000	15,000	1,500,000	50.00	12,110	(825)	-	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	30,788	(8,044)	-	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	28,688	(7,537)	-	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 transactions were eliminated.

Note 4: The investment was transferred to financial assets at FVTOCI - non-current due to loss of significant influence in the current period.

Note 5: The investment was transferred to financial assets at FVTPL - current due to loss of significant influence in the current period.

Note 6: Refer to Table 8 for information on investments in Mainland China.

(Concluded)

TABLE 8

SYSTEX CORPORATION

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(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, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	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	960,402	b	1,179,992	-	219,590	960,402	(22,627)	100.00	(22,627)	181,186	-	Subsidiary (Notes 2 and 4)
Sysware Shenglong Information Systems Co., Ltd.	Design of computer system, information processing service provider, retailing of computer and peripheral equipment	-	b	-	-	-	-	(7,266)	-	(7,266)	-	-	Subsidiary (Notes 2 and 4)
Systex Group (China) Ltd.	Management consultation, marketing and sale, and capital and operation financial management	512,150	b	292,700	219,450	-	512,150	(6,884)	100.00	(6,884)	373,812	-	Subsidiary (Note 2)
Systex Rainbow Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	6,059	100.00	6,059	301,651	-	Subsidiary (Note 2)
Systex Ucom (Shanghai) Information Ltd. Co.	Software design and data processing, retailing and service of software	-	b	-	-	-	-	(1,116)	100.00	(1,116)	38,339	-	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	-	-	-	-	(900)	29.62	-	-	-	
Systex Rainbow (Shanghai) Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	2,084	100.00	2,084	5,287	-	Subsidiary (Notes 2 and 3)

(Continued)

Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$1,695,816	\$1,920,903	\$8,563,504

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 transactions were eliminated.

Note 3: Systex Rainbow (Shanghai) Tech Inc. was formerly known as Systex Rainbow (Guangzhou) Tech Inc. and was renamed Systex Rainbow (Shanghai) Tech Inc. in March 2023 as a result of the relocation.

Note 4: Systek Information (Shanghai) Ltd. and Sysware Shenglong Information Systems Co., Ltd. were merged in December 2023, with Systek Information (Shanghai) Ltd. being the surviving entity and Sysware Shenglong Information Systems Co., Ltd. being dissolved.

(Concluded)

TABLE 9**SYSTEX CORPORATION****INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hanmore Investment Corporation (Hanmore)	21,316,678	7.82

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

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

SYSTEX CORPORATION

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

<u>Item</u>	<u>Statement Index</u>
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash	1
Statement of accounts receivable	2
Statement of inventories	3
Statement of changes in financial assets at fair value through profit or loss - non-current	4
Statement of changes in investments accounted for using the equity method	5
Statement of changes in property, plant and equipment	Note 12
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Statement of notes payable and accounts payable	6
Major Accounting Items in Profit or Loss	
Statement of operating revenue	7
Statement of operating cost	8
Statement of operating expenses	9
Statement of employee benefits expenses and depreciation by function	Note 18

SYSTEX CORPORATION**STATEMENT OF CASH****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Item	Amount
Cash on hand	\$ 224
Cash in banks	
Checking accounts and demand deposits	953,029
Foreign currency deposits (including US\$1,646,657, JPY789,705, HK\$39,981, EUR12,561, SGD17 and RMB547,543)	<u>53,690</u>
	<u>\$ 1,006,943</u>

Note: The exchange rates are as follows:

1 US dollar (USD) = NT\$30.705

1 Japanese yen (JPY) = NT\$0.2172

1 Hong Kong dollar (HKD) = NT\$3.929

1 Euro (EUR) = NT\$33.98

1 Singapore dollar (SGD) = NT\$23.29

1 Chinese yuan (RMB) = NT\$4.3352

SYSTEX CORPORATION

STATEMENT OF ACCOUNTS RECEIVABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Amount
A	\$ 956,975
Others (Note)	1,053,218
Less: Long-term receivables (less unrealized interest income of \$77 thousand)	3,007
Less: Loss allowance	<u>15,274</u>
	<u>\$ 1,991,912</u>

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

SYSTEX CORPORATION

STATEMENT OF INVENTORIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value
Merchandise	\$ 1,436,553	\$ 1,486,702
Maintenance parts	<u>10,147</u>	<u>6,347</u>
	1,446,700	<u>\$ 1,493,049</u>
Less: Write-down of inventories	<u>32,215</u>	
	<u>\$ 1,414,485</u>	

SYSTEX CORPORATION

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FVTPL - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Name of Securities	Balance, January 1, 2023		Increase in Investment		Decrease in Investment		Balance, December 31, 2023		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount		
Taiwan Futures Exchange	15,718,664	\$ 1,475,146	2,200,612	\$ 18,491	-	\$ -	17,919,276	\$ 1,493,637	None	1
Far Eastern Electronic Toll Collection Co., Ltd.	25,263,076	221,039	-	40,549	-	-	25,263,076	261,588	"	2
SysJust Co., Ltd.	1,108,592	20,819	-	1,463	-	-	1,108,592	22,282	"	3
Da Ho Marketing Co., Ltd.	1,260,000	10,981	-	1,447	-	-	1,260,000	12,428	"	4
3Probe Technologies Corp.	300,000	1,956	-	511	94,433	944	205,567	1,523	"	5
Gemini Data	3,404,000	-	-	-	-	-	3,404,000	-	"	-
Saho Corporation	795,895	-	-	-	-	-	795,895	-	"	-
GCH System	56,226	-	-	-	-	-	56,226	-	"	-
WeGoLuck Co., Ltd.	471,700	-	-	-	-	-	471,700	-	"	-
Princo Corp.	808,415	-	-	-	-	-	808,415	-	"	-
Yankey Information Co., Ltd.	150,000	-	-	-	-	-	150,000	-	"	-
		<u>\$ 1,729,941</u>		<u>\$ 62,461</u>		<u>\$ 944</u>		<u>\$ 1,791,458</u>		

Note 1: Increase in investment includes gain on fair value adjustments of \$18,491 thousand and distribution of share dividends of 2,200,612 shares.

Note 2: Increase in investment includes gain on fair value adjustments of \$40,549 thousand.

Note 3: Increase in investment includes gain on fair value adjustments of \$1,463 thousand.

Note 4: Increase in investment includes gain on fair value adjustments of \$1,447 thousand.

Note 5: Increase in investment includes gain on fair value adjustments of \$511 thousand. Decrease in investment includes capital reduction of \$944 thousand.

SYSTEX CORPORATION

**STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee	Balance, January 1, 2023		Increase in Investment		Decrease in Investment		Share of Profit (Loss) and Impairment Loss (Note 26)	Balance, December 31, 2023			Fair Value or Net Assets Value (Note 27)	Note
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	%	Amount		
Unlisted corporation												
Kimo.com (BVI) Corporation	500,000	\$ 4,144,305	-	\$ 64	-	\$ 40,709	\$ 146,347	500,000	100.00	\$ 4,250,007	\$ 4,251,451	1
System Capital Group Inc.	550	2,458,889	-	53	-	68,771	227,581	550	100.00	2,617,752	2,618,388	2
System Software & Service Corporation	54,450,000	1,249,158	-	10,929	-	456,291	507,002	54,450,000	100.00	1,310,798	1,315,404	3
Ching Pu Investment Corporation	38,437,500	587,013	-	54,907	15,000,000	222,533	76,001	23,437,500	100.00	495,388	1,726,048	4
Concord System Management Corporation	23,113,372	413,179	7,300,000	-	-	8,325	132,521	30,413,372	100.00	537,375	541,094	5
System Fintech Corporation	13,996,500	268,672	-	2,523	-	48,988	47,823	13,996,500	70.00	270,030	273,922	6
System Solutions Corporation	26,000,000	317,688	-	-	-	34,060	64,875	26,000,000	100.00	348,503	349,849	7
Taifon Computer Co., Ltd.	20,000,000	319,583	-	931	-	51,000	41,924	20,000,000	100.00	311,438	311,910	8
Golden Bridge Corporation	23,000,000	309,089	-	3,278	-	49,817	44,904	23,000,000	100.00	307,454	307,454	9
E-Service Information Co.	8,000,000	95,969	-	-	-	4,080	9,466	8,000,000	100.00	101,355	96,434	10
uniXecure Corporation	5,000,000	42,141	10,000,000	100,000	-	-	(33,379)	15,000,000	100.00	108,762	109,524	11
Taiwan Information Service Technology Co., Ltd.	16,630	38,437	-	-	-	-	6,050	16,630	67.38	44,487	44,487	-
Naturint Corporation	2,000,000	21,162	-	-	-	-	(7,593)	2,000,000	100.00	13,569	13,569	-
Syspower Corporation	1,096,200	22,136	-	-	-	3,810	2,425	1,096,200	4.67	20,751	20,788	12
Hanmore Investment Corporation	9,640,680	20,291	-	52,142	-	43,383	(137)	9,640,680	48.92	28,913	1,196,895	13
Docutek Solutions, Inc.	7,568,413	274,150	-	-	-	31,772	32,388	7,568,413	54.92	274,766	133,777	14
MISYS Corporation	10,000,000	99,737	-	-	-	-	(46,791)	10,000,000	100.00	52,946	52,946	-
Genesis Technology Inc.	23,081,693	992,878	4,611,596	22,961	-	24,835	49,998	27,693,289	27.90	1,041,002	1,811,141	15
Collaboration Co., Ltd.	6,160,000	207,101	-	1	-	16,163	10,474	6,160,000	44.55	201,413	130,535	16
Bao Ruh Electronic Co., Ltd.	4,339,500	74,347	-	-	-	7,846	16,513	4,339,500	29.72	83,014	83,014	17
Systemweb Technologies Co., Ltd.	3,245,000	54,756	-	-	-	1,298	(2,373)	3,245,000	32.45	51,085	51,085	18
Sanfran Technologies Inc.	2,518,989	54,313	-	-	-	14,604	10,842	2,518,989	12.26	50,551	50,551	19
Retail System Co., Ltd.	780,000	26,649	-	-	780,000	28,344	1,695	-	-	-	-	20
Mohist Web Technology Co., Ltd.	400,000	11,107	-	9	-	739	796	400,000	40.00	11,173	5,678	21
Frog-jump Information Co., Ltd.	783,202	13,071	80,000	-	-	1,272	2,056	863,202	10.00	13,855	13,855	22
Shengsen Cloud Technology	905,084	3,505	-	-	905,084	6,066	2,561	-	-	-	-	23
FinRobo Advisor Securities Investment Consulting Co., Ltd.	1,016,293	-	483,707	6,772	-	-	(678)	1,500,000	30.00	6,094	15,539	24
Gensys Technology International. Ltd.	8,000,000	-	-	-	-	-	-	8,000,000	33.60	-	-	-
System Infopro Co., Ltd.	20,000	3,655	-	32	-	-	-	20,000	20.00	3,687	3,687	25
		<u>\$ 12,122,981</u>		<u>\$ 254,602</u>		<u>\$ 1,164,706</u>	<u>\$ 1,343,291</u>			<u>\$ 12,556,168</u>	<u>\$ 15,529,025</u>	

Note 1: Increase in investment includes remeasurement of defined benefit plans of \$64 thousand. Decrease in investment includes adjustments to capital surplus (and retained earnings) of \$11,158 thousand due to changes in the net asset of investee by the equity method, exchange differences of \$25,546 thousand, and loss on equity investments at FVTOCI of \$4,005 thousand.

Note 2: Increase in investment includes remeasurement of defined benefit plans of \$53 thousand, Decrease in investment includes adjustments to capital surplus (and retained earnings) of \$954 thousand due to changes in the net asset of investee by the equity method, exchange differences of \$619 thousand, and loss on equity investments at FVTOCI of \$67,198 thousand.

Note 3: Increase in investment includes capital surplus of \$10,929 thousand for compensation cost of share-based payments. Decrease in investment includes cash dividends received of \$456,291 thousand.

Note 4: Increase in investment includes capital surplus for cash dividends received by subsidiaries from the Corporation, which are regarded as treasury share and amounted to \$54,907 thousand. Decrease in investment include capital reduction of \$150,000 thousand from investee, adjustments to capital surplus (and retained earnings) of \$3,133 thousand due to changes in the net asset of investee by the equity method, cash dividends received of \$69,188 thousand, and reassessment of defined benefit plan of \$212 thousand.

Note 5: Decrease in investment includes remeasurement of defined benefit plans of \$8,325 thousand.

(Continued)

- Note 6: Formerly known as Nexsys Corporation. Increase in investment included capital surplus of \$1,912 thousand for compensation cost of share-based payments and remeasurement of defined benefit plans of \$611 thousand. Decrease in investment includes cash dividends received of \$48,988 thousand.
- Note 7: Decrease in investment includes cash dividends received of \$34,060 thousand.
- Note 8: Increase in investment includes remeasurement of defined benefit plans of \$922 thousand, adjustments to capital surplus of \$9 thousand due to changes in the net asset of investee by the equity method. Decrease in investment includes cash dividends received of \$51,000 thousand.
- Note 9: Increase in investment includes adjustments to capital surplus of \$3,278 thousand for compensation cost of share-based payment. Decrease in investment includes cash dividends received of \$46,000 thousand, reassessment of defined benefit plan of \$241 thousand, and adjustments to capital surplus (and retained earnings) of \$3,576 thousand due to changes in the net asset of investee by the equity method.
- Note 10: Decrease in investment includes cash dividends received of \$4,080 thousand.
- Note 11: Increase in investment includes acquisition of investment amounting to \$100,000 thousand.
- Note 12: Decrease in investment includes cash dividends received of \$3,405 thousand, adjustments to capital surplus (and retained earnings) of \$379 due to changes in the net asset of investee by the equity method, and reassessment of defined benefit plan of \$26 thousand.
- Note 13: Increase in investment includes capital surplus for cash dividends received by subsidiaries from the Corporation, which are regarded as treasury stock and amounted to \$52,142 thousand. Decrease in investment included cash dividends received of \$43,383 thousand.
- Note 14: Decrease in investment includes dividends received of \$31,772 thousand.
- Note 15: Increase in investment includes adjustments to capital surplus of \$465 thousand due to changes in the net asset of investee by the equity method, reassessment of defined benefit plan of \$833 thousand, and gain on equity investments at FVTOCI. Decrease in investment includes cash dividends received of \$23,058 thousand and exchange differences \$1,777 thousand.
- Note 16: Increase in investment includes exchange differences of \$1 thousand. Decrease in investment includes cash dividends received of \$16,163 thousand.
- Note 17: Decrease in investment includes dividends received of \$7,846 thousand.
- Note 18: Decrease in investment includes dividends received of \$1,298 thousand.
- Note 19: Decrease in investment includes dividends received of \$14,588 thousand, and loss on equity investments at FVTOCI of \$16 thousand.
- Note 20: Decrease in investment includes carrying amount of disposed investments amounting to \$28,344 thousand.
- Note 21: Increase in investment includes gain on equity investments at FVTOCI of \$9 thousand. Decrease in investment includes cash dividends received of \$739 thousand.
- Note 22: Decrease in investment includes cash dividends received of \$1,268 thousand, and exchange differences of \$4 thousand.
- Note 23: Decrease in investment includes carrying amount of disposed investments amounting to \$6,066 thousand.
- Note 24: Increase in investment includes acquisition of investment amounting to \$6,772 thousand.
- Note 25: Increase in investment includes exchange difference of \$32 thousand.
- Note 26: Except for Bao Ruh Electronic Co., Ltd., Systemweb Technologies Co., Sanfran Technology Inc., Retail System Co., Mohist Web Technology Co., Frog-jump Information Co., Ltd., Shengsen Cloud Technology, FinRobo Advisor Securities Investment Consulting Co., Ltd., GenSys Technology (International) Ltd. and Systex Infopro Co., Ltd., the share of profit or loss of investments accounted for using the equity method for the year ended December 31, 2023 was calculated based on the financial statements that have been audited.
- Note 27: Except for the fair value of Genesis Technology Inc. was calculated based on the closing price at the end of the year, and shares held by the Corporation, net assets values of other investees (unlisted companies) were calculated based on the financial statements of investees and share percentage held by the Corporation.

(Concluded)

SYSTEX CORPORATION

STATEMENT OF NOTES PAYABLE AND ACCOUNTS PAYABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
A	\$ 260,632
B	101,014
Others (Note)	<u>1,014,446</u>
	<u>\$ 1,376,092</u>

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

SYSTEX CORPORATION**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Sales	\$ 6,749,714
Less: Sales returns and allowances	<u>9,896</u>
Net sales	<u>6,739,818</u>
Service revenue	
Maintenance revenue	1,279,955
Education and training revenue	741,000
Data processing revenue	575,687
Value-added internet service revenue	405,695
Other service revenue	<u>739,866</u>
	<u>3,742,203</u>
Other operating revenue	<u>70,938</u>
	<u>\$ 10,552,959</u>

SYSTEX CORPORATION**STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

Item	Amount
Merchandise, beginning of year	\$ 1,430,392
Add:	
Merchandise purchased	5,925,047
Write-down of inventories	1,123
Less:	
Merchandise, end of year	1,436,553
Internal usage and others	<u>25,888</u>
Cost of goods sold	<u>5,894,121</u>
Service cost	
Maintenance cost	554,237
Education and training cost	363,786
Data processing cost	346,479
Value-added internet service cost	174,878
Other service cost	<u>269,652</u>
Total service cost	<u>1,709,032</u>
Other operating cost	<u>10,486</u>
	<u>\$ 7,613,639</u>

SYSTEX CORPORATION

STATEMENT OF OPERATING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023 (In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected Credit Loss	Total
Payroll and post-employment benefits	\$ 1,623,028	\$ 255,847	\$ 294,527	\$ -	\$ 2,173,402
Labor and health insurance	127,953	20,680	28,807	-	177,440
Depreciation	94,844	24,324	6,849	-	126,017
Expected credit loss	-	-	-	5,290	5,290
Others (Note)	281,459	42,001	22,011	-	345,471
	<u>\$ 2,127,284</u>	<u>\$ 342,852</u>	<u>\$ 352,194</u>	<u>\$ 5,290</u>	<u>\$ 2,827,620</u>

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