

System Corporation and Subsidiaries

**Consolidated Financial Statements for the
Three Months Ended March 31, 2023 and 2022 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Systex Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Systex Corporation and its subsidiaries (collectively, the “Group”) as of March 31, 2023 and 2022, and the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “consolidated financial statements”). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2023 and 2022, combined total assets of these non-significant subsidiaries were \$8,101,266 thousand and \$6,449,945 thousand, respectively, representing 28.82% and 24.30%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$3,578,871 thousand and \$3,262,745 thousand, respectively, representing 27.49% and 26.45%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2023 and 2022, the amounts of combined total comprehensive income of these subsidiaries were \$164,489 thousand and \$78,702 thousand, respectively, representing 36.44% and 16.98%, respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 14 to the consolidated financial statements, as of March 31, 2023 and 2022, investments accounted for using the equity method of the Group were \$1,968,129 thousand and \$1,785,812 thousand, respectively; for the three months ended March 31, 2023 and 2022, the amounts of the share in total comprehensive income recognized were \$4,215 thousand and \$5,538 thousand, respectively; such amounts were based on the investees’ unreviewed financial statements for the same reporting periods.

Qualified Conclusion

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Yu-Hong Kuo and Shiow-Ming Shue.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 3, 2023

Notice to Readers

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

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

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2023 (Reviewed)		December 31, 2022 (Audited)		March 31, 2022 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 4,169,137	15	\$ 4,331,378	14	\$ 3,662,952	14
Financial assets at fair value through profit or loss - current (Note 7)	3,879,598	14	3,558,493	12	4,102,528	16
Notes receivable, net (Notes 11 and 21)	201,208	1	169,558	1	73,976	-
Accounts receivable, net (Notes 11, 21 and 30)	4,564,438	16	6,176,067	21	4,941,649	19
Other receivables	76,575	-	113,535	-	69,529	-
Inventories (Note 12)	4,351,382	15	4,793,534	16	3,794,343	14
Prepayments	1,618,750	6	1,689,672	6	1,709,631	6
Non-current assets held for sale (Note 15)	298	-	298	-	298	-
Other financial assets - current (Notes 31 and 32)	471,482	2	474,863	2	292,219	1
Refundable deposits - current	410,967	1	400,715	1	335,643	1
Other current assets (Note 30)	64,825	-	45,012	-	129,534	1
	<u>19,808,660</u>	<u>70</u>	<u>21,753,125</u>	<u>73</u>	<u>19,112,302</u>	<u>72</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	2,045,431	8	2,040,928	7	1,842,968	7
Financial assets at fair value through other comprehensive income - non-current (Note 8)	342,441	1	342,633	1	279,112	1
Financial assets at amortized cost - non-current (Notes 9 and 10)	500,000	2	500,000	2	500,000	2
Investments accounted for using the equity method (Note 14)	1,968,129	7	1,963,914	7	1,785,812	7
Property, plant and equipment (Notes 15 and 31)	2,203,062	8	2,212,298	7	2,113,005	8
Right-of-use assets (Note 16)	475,327	2	325,968	1	308,702	1
Intangible assets	319,615	1	329,033	1	130,643	1
Deferred tax assets	60,197	-	62,776	-	57,880	-
Refundable deposits - non-current	253,741	1	231,197	1	250,321	1
Long-term receivables (Note 11)	6,107	-	7,154	-	8,725	-
Other financial assets - non-current (Notes 31 and 32)	63,292	-	86,508	-	107,578	-
Other non-current assets (Note 30)	63,820	-	44,209	-	40,542	-
	<u>8,301,162</u>	<u>30</u>	<u>8,146,618</u>	<u>27</u>	<u>7,425,288</u>	<u>28</u>
TOTAL	<u>\$ 28,109,822</u>	<u>100</u>	<u>\$ 29,899,743</u>	<u>100</u>	<u>\$ 26,537,590</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Notes 17 and 31)	\$ 1,329,410	5	\$ 1,850,314	6	\$ 1,664,265	6
Contract liabilities (Note 21)	1,905,970	7	2,438,375	8	1,423,428	5
Notes and accounts payable	4,588,759	16	5,169,823	17	4,243,442	16
Payables to related parties (Note 30)	14,003	-	23,873	-	11,391	-
Other payables (Note 30)	819,818	3	1,663,560	6	733,607	3
Current tax liabilities (Note 4)	269,888	1	175,744	1	190,247	1
Lease liabilities - current (Note 16)	168,868	1	138,424	1	136,170	-
Current portion of long-term borrowings (Notes 17 and 31)	10,148	-	10,120	-	5,913	-
Other current liabilities	380,197	1	386,096	1	456,737	2
	<u>9,487,061</u>	<u>34</u>	<u>11,856,329</u>	<u>40</u>	<u>8,865,200</u>	<u>33</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 18)	2,995,722	11	2,995,420	10	2,994,667	11
Long-term borrowings (Notes 17 and 31)	101,979	-	104,527	-	86,084	-
Deferred tax liabilities	6,807	-	6,859	-	5,981	-
Lease liabilities - non-current (Note 16)	313,205	1	194,150	1	176,883	1
Net defined benefit liabilities - non-current (Note 4)	108,348	-	129,055	-	199,956	1
Other non-current liabilities	5,594	-	5,594	-	5,638	-
	<u>3,531,655</u>	<u>12</u>	<u>3,435,605</u>	<u>11</u>	<u>3,469,209</u>	<u>13</u>
Total liabilities	<u>13,018,716</u>	<u>46</u>	<u>15,291,934</u>	<u>51</u>	<u>12,334,409</u>	<u>46</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 20 and 25)						
Share capital	2,723,333	10	2,723,333	9	2,693,933	10
Capital surplus	6,872,890	24	6,874,231	23	6,602,904	25
Retained earnings						
Legal reserve	1,576,153	6	1,576,153	5	1,457,250	5
Special reserve	729,124	3	729,124	3	768,711	3
Unappropriated earnings	4,029,726	14	3,573,220	12	3,941,454	15
Total retained earnings	6,335,003	23	5,878,497	20	6,167,415	23
Other equity	(481,546)	(2)	(479,457)	(2)	(584,442)	(2)
Treasury shares	(928,443)	(3)	(928,443)	(3)	(928,443)	(3)
	<u>14,521,237</u>	<u>52</u>	<u>14,068,161</u>	<u>47</u>	<u>13,951,367</u>	<u>53</u>
NON-CONTROLLING INTERESTS (Notes 20 and 27)	<u>569,869</u>	<u>2</u>	<u>539,648</u>	<u>2</u>	<u>251,814</u>	<u>1</u>
Total equity	<u>15,091,106</u>	<u>54</u>	<u>14,607,809</u>	<u>49</u>	<u>14,203,181</u>	<u>54</u>
TOTAL	<u>\$ 28,109,822</u>	<u>100</u>	<u>\$ 29,899,743</u>	<u>100</u>	<u>\$ 26,537,590</u>	<u>100</u>

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

(With Deloitte & Touche auditors' review report dated May 3, 2023)

SYSTEX CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 30)				
Sales	\$ 6,501,202	79	\$ 6,142,534	80
Less: Sales returns and allowances	<u>6,312</u>	<u>-</u>	<u>45,237</u>	<u>1</u>
Net sales	6,494,890	79	6,097,297	79
Service revenue	1,694,359	21	1,600,387	21
Other operating revenue	<u>39,471</u>	<u>-</u>	<u>17,398</u>	<u>-</u>
Total operating revenue	<u>8,228,720</u>	<u>100</u>	<u>7,715,082</u>	<u>100</u>
OPERATING COSTS (Notes 12, 22 and 30)				
Cost of goods sold	5,569,228	68	5,294,902	69
Service costs	775,363	9	714,732	9
Other operating costs	<u>3,153</u>	<u>-</u>	<u>1,647</u>	<u>-</u>
Total operating costs	<u>6,347,744</u>	<u>77</u>	<u>6,011,281</u>	<u>78</u>
GROSS PROFIT	<u>1,880,976</u>	<u>23</u>	<u>1,703,801</u>	<u>22</u>
OPERATING EXPENSES (Notes 11, 19, 22, 25 and 30)				
Selling and marketing expenses	1,199,804	15	1,077,093	14
General and administrative expenses	158,228	2	144,961	2
Research and development expenses	115,940	1	131,005	1
Expected credit loss (gain)	<u>10,218</u>	<u>-</u>	<u>(13,247)</u>	<u>-</u>
Total operating expenses	<u>1,484,190</u>	<u>18</u>	<u>1,339,812</u>	<u>17</u>
PROFIT FROM OPERATIONS	<u>396,786</u>	<u>5</u>	<u>363,989</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES				
Share of profit (loss) of associates accounted for using the equity method (Note 14)	7,398	-	(628)	-
Interest income	15,296	-	5,175	-
Dividend income	1,656	-	-	-
Other income, net	7,335	-	23,291	-
Foreign exchange (loss) gain, net (Note 34)	(456)	-	2,056	-
Gain on financial assets at fair value through profit or loss, net	185,728	2	10,780	-
Interest expense	(20,891)	-	(15,734)	-

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SYSTEX CORPORATION AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
Other expenses	\$ (6,679)	-	\$ (3,292)	-
Loss on disposal of property, plant and equipment, net	(640)	-	(195)	-
Total non-operating income and expenses	188,747	2	21,453	-
INCOME BEFORE INCOME TAX	585,533	7	385,442	5
INCOME TAX EXPENSE (Notes 4 and 23)	99,387	1	68,714	1
NET INCOME	486,146	6	316,728	4
OTHER COMPREHENSIVE (LOSS) INCOME, NET OF INCOME TAX				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	(7,241)	-	1,282	-
Share of other comprehensive income of associates accounted for using the equity method (Note 14)	935	-	5,082	-
	(6,306)	-	6,364	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(24,294)	(1)	139,278	2
Share of other comprehensive (loss) income of associates accounted for using the equity method (Note 14)	(4,118)	-	1,084	-
	(28,412)	(1)	140,362	2
Other comprehensive (loss) income for the period, net of income tax	(34,718)	(1)	146,726	2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	\$ 451,428	5	\$ 463,454	6
NET INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 455,495	6	\$ 314,512	4
Non-controlling interests	30,651	-	2,216	-
	\$ 486,146	6	\$ 316,728	4

(Continued)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2023		2022	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 421,732	5	\$ 459,413	6
Non-controlling interests	<u>29,696</u>	<u>-</u>	<u>4,041</u>	<u>-</u>
	<u>\$ 451,428</u>	<u>5</u>	<u>\$ 463,454</u>	<u>6</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 1.84</u>		<u>\$ 1.27</u>	
Diluted	<u>\$ 1.83</u>		<u>\$ 1.27</u>	

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

(With Deloitte & Touche auditors' review report dated May 3, 2023)

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Corporation												
	Retained Earnings						Exchange Differences on Translation of Foreign Operations	Other Equity Unrealized (Loss) Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Employee Benefits	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
BALANCE AT JANUARY 1, 2022	\$ 2,693,933	\$ 6,606,321	\$ 1,457,250	\$ 768,711	\$ 3,634,691	\$ 5,860,652	\$ (692,016)	\$ (37,108)	\$ -	\$ (928,443)	\$ 13,503,339	\$ 307,828	\$ 13,811,167
Share of changes in associates accounted for using the equity method	-	(1,559)	-	-	-	-	-	-	-	-	(1,559)	-	(1,559)
Net profit for the three months ended March 31, 2022	-	-	-	-	314,512	314,512	-	-	-	-	314,512	2,216	316,728
Other comprehensive income for the three months ended March 31, 2022	-	-	-	-	219	219	138,537	6,145	-	-	144,901	1,825	146,726
Total comprehensive income for the three months ended March 31, 2022	-	-	-	-	314,731	314,731	138,537	6,145	-	-	459,413	4,041	463,454
Differences between equity purchase price and carrying amount arising from actual acquisition of subsidiaries	-	(1,858)	-	-	(7,968)	(7,968)	-	-	-	-	(9,826)	(58,574)	(68,400)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,481)	(1,481)
BALANCE AT MARCH 31, 2022	<u>\$ 2,693,933</u>	<u>\$ 6,602,904</u>	<u>\$ 1,457,250</u>	<u>\$ 768,711</u>	<u>\$ 3,941,454</u>	<u>\$ 6,167,415</u>	<u>\$ (553,479)</u>	<u>\$ (30,963)</u>	<u>\$ -</u>	<u>\$ (928,443)</u>	<u>\$ 13,951,367</u>	<u>\$ 251,814</u>	<u>\$ 14,203,181</u>
BALANCE AT JANUARY 1, 2023	\$ 2,723,333	\$ 6,874,231	\$ 1,576,153	\$ 729,124	\$ 3,573,220	\$ 5,878,497	\$ (272,123)	\$ (36,000)	\$ (171,334)	\$ (928,443)	\$ 14,068,161	\$ 539,648	\$ 14,607,809
Net profit for the three months ended March 31, 2023	-	-	-	-	455,495	455,495	-	-	-	-	455,495	30,651	486,146
Other comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	951	951	(27,457)	(7,257)	-	-	(33,763)	(955)	(34,718)
Total comprehensive income (loss) for the three months ended March 31, 2023	-	-	-	-	456,446	456,446	(27,457)	(7,257)	-	-	421,732	29,696	451,428
Share of changes in equities of subsidiaries	-	(1,091)	-	-	-	-	-	-	-	-	(1,091)	275	(816)
Share-based payment transaction - restricted shares for employees	-	(250)	-	-	-	-	-	-	32,685	-	32,435	250	32,685
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	60	60	-	(60)	-	-	-	-	-
BALANCE AT MARCH 31, 2023	<u>\$ 2,723,333</u>	<u>\$ 6,872,890</u>	<u>\$ 1,576,153</u>	<u>\$ 729,124</u>	<u>\$ 4,029,726</u>	<u>\$ 6,335,003</u>	<u>\$ (299,580)</u>	<u>\$ (43,317)</u>	<u>\$ (138,649)</u>	<u>\$ (928,443)</u>	<u>\$ 14,521,237</u>	<u>\$ 569,869</u>	<u>\$ 15,091,106</u>

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

(With Deloitte & Touche auditors' review report dated May 3, 2023)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 585,533	\$ 385,442
Adjustments for:		
Depreciation expense	88,707	75,180
Amortization expense	15,547	8,865
Expected credit loss recognized (reversed)	10,218	(13,247)
Gain on financial assets at fair value through profit or loss, net	(185,728)	(10,780)
Compensation cost of share-based payment	32,685	-
Interest expense	20,891	15,734
Interest income	(15,296)	(5,175)
Dividend income	(1,656)	-
Share of (profit) loss of associates	(7,398)	628
Loss on disposal of property, plant and equipment, net	640	195
(Reversal of) write-down of inventories	400	(5,077)
Unrealized loss (gain) on foreign currency exchange, net	433	(578)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(145,370)	358,431
Notes receivable	(32,133)	19,909
Accounts receivable	1,585,016	(113,825)
Other receivables	41,332	21,618
Inventories	437,159	(531,649)
Prepayments	69,588	47,992
Other current assets	(19,863)	(82,153)
Contract liabilities	(531,749)	(125,515)
Notes and accounts payable	(568,019)	(109,977)
Payables to related parties	(9,870)	(15,941)
Other payables	(843,407)	(769,001)
Other current liabilities	(5,558)	99,146
Net defined benefit liabilities	(20,707)	(49,499)
Cash generated from (used in) operations	501,395	(799,277)
Interest paid	(19,953)	(14,966)
Income tax paid	(1,649)	(144)
Net cash generated from (used in) operating activities	479,793	(814,387)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(10,010)	-
Disposal of financial assets at fair value through other comprehensive income	1,106	-
Capital reduction of financial assets at fair value through other comprehensive income	-	32,382

(Continued)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2023	2022
Payments for property, plant and equipment	\$ (28,534)	\$ (53,785)
Proceeds from disposal of property, plant and equipment	492	3,143
(Increase) decrease in refundable deposits	(33,060)	54,117
Payments for intangible assets	(5,877)	(1,388)
Proceeds from disposal of intangible assets	-	405
Decrease in long-term receivables	1,047	4,181
Decrease (increase) in pledged time deposits	26,597	(15,217)
(Increase) decrease in other non-current assets	(19,616)	10,607
Interest received	10,837	836
Dividends received	<u>1,656</u>	<u>-</u>
Net cash (used in) generated from investing activities	<u>(55,362)</u>	<u>35,281</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in short-term loans	(517,378)	396,202
Repayment of long-term borrowings	(2,520)	(1,474)
Increase in guarantee deposits received	-	199
Repayment of the principal portion of lease liabilities	(49,294)	(41,441)
Acquisition of interests in subsidiaries	-	(68,400)
Changes in non-controlling interests	-	(1,481)
Other financing activities (Note 13)	<u>(816)</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(570,008)</u>	<u>283,605</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(16,664)</u>	<u>90,199</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(162,241)</u>	<u>(405,302)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>4,331,378</u>	<u>4,068,254</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 4,169,137</u>	<u>\$ 3,662,952</u>

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

(With Deloitte & Touche auditors' review report dated May 3, 2023)

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on May 3, 2023.

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

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

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

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of the above standards and interpretations on the Group'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

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

b. Basis of preparation

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

The fair value measurements, which 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, are described as follows:

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

c. Basis of consolidation

See Note 13, Table 8 and Table 9 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other material accounting policies

Except for the following, refer to the consolidated financial statements for the year ended December 31, 2022.

1) Retirement benefits

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

2) Income tax expense

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the statements of material accounting judgments and key sources of estimation uncertainty of the consolidated financial statements for the year ended December 31, 2022.

6. CASH AND CASH EQUIVALENTS

	March 31, 2023	December 31, 2022	March 31, 2022
Cash on hand	\$ 444	\$ 714	\$ 592
Checking accounts and demand deposits	3,370,406	3,590,352	3,662,360
Cash equivalents			
Time deposits with original maturities of less than 3 months	<u>798,287</u>	<u>740,312</u>	<u>-</u>
	<u>\$ 4,169,137</u>	<u>\$ 4,331,378</u>	<u>\$ 3,662,952</u>
Interest rate interval			
Time deposits with original maturities of less than 3 months	4.35%-4.65%	3.78%-5.05%	-

7. FINANCIAL ASSETS AT FVTPL

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Current</u>			
Financial assets mandatorily classified as at FVTPL			
Mutual funds	\$ 3,831,429	\$ 3,346,134	\$ 3,956,687
Listed shares	<u>48,169</u>	<u>212,359</u>	<u>145,841</u>
	<u>\$ 3,879,598</u>	<u>\$ 3,558,493</u>	<u>\$ 4,102,528</u>
<u>Non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Unlisted shares	\$ 1,853,435	\$ 1,840,404	\$ 1,636,380
Unlisted preferred shares	75,773	85,734	107,277
Others	<u>116,223</u>	<u>114,790</u>	<u>99,311</u>
	<u>\$ 2,045,431</u>	<u>\$ 2,040,928</u>	<u>\$ 1,842,968</u>

8. FINANCIAL ASSETS AT FVTOCI - NON-CURRENT

	March 31, 2023	December 31, 2022	March 31, 2022
Investments in equity instruments			
Unlisted shares	\$ 253,798	\$ 252,335	\$ 225,869
Unlisted preferred shares	47,543	57,121	53,243
Listed shares	<u>41,100</u>	<u>33,177</u>	<u>-</u>
	<u>\$ 342,441</u>	<u>\$ 342,633</u>	<u>\$ 279,112</u>

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

For the three months ended March 31, 2023, the Group sold part of investment at fair value because of investment strategy and its related unrealized valuation gains of \$60 thousand was transferred from other equity to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST - NON-CURRENT

	March 31, 2023	December 31, 2022	March 31, 2022
Domestic corporate bonds	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Interest rate	3.5%	3.5%	3.5%

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments were classified as at amortized cost.

	March 31, 2023	December 31, 2022	March 31, 2022
Gross carrying amount	\$ 500,000	\$ 500,000	\$ 500,000
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>

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

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

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount at		
				March 31, 2023	December 31, 2022	March 31, 2022
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECL	0%	\$ 500,000	\$ 500,000	\$ 500,000

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

	March 31, 2023	December 31, 2022	March 31, 2022
Notes receivable	\$ 201,380	\$ 169,730	\$ 74,207
Less: Allowance for doubtful accounts	<u>(172)</u>	<u>(172)</u>	<u>(231)</u>
	<u>\$ 201,208</u>	<u>\$ 169,558</u>	<u>\$ 73,976</u>
Accounts receivable	\$ 4,644,313	\$ 6,413,005	\$ 5,145,466
Less: Allowance for doubtful accounts	<u>(79,875)</u>	<u>(236,938)</u>	<u>(203,817)</u>
	<u>\$ 4,564,438</u>	<u>\$ 6,176,067</u>	<u>\$ 4,941,649</u>
Long-term receivables	\$ 6,372	\$ 7,516	\$ 9,331
Less: Unrealized interest income	<u>(265)</u>	<u>(362)</u>	<u>(606)</u>
	<u>\$ 6,107</u>	<u>\$ 7,154</u>	<u>\$ 8,725</u>

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

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

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

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

March 31, 2023

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Gross carrying amount	\$ 4,137,117	\$ 493,559	\$ 106,999	\$ 37,374	\$ 70,644	\$ 4,845,693
Loss allowance (Lifetime ECL)	<u>(1,510)</u>	<u>(4,492)</u>	<u>(8,354)</u>	<u>(5,768)</u>	<u>(59,923)</u>	<u>(80,047)</u>
Amortized cost	<u>\$ 4,135,607</u>	<u>\$ 489,067</u>	<u>\$ 98,645</u>	<u>\$ 31,606</u>	<u>\$ 10,721</u>	<u>\$ 4,765,646</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	\$ 5,784,922	\$ 424,694	\$ 113,468	\$ 20,288	\$ 239,363	\$ 6,582,735
Loss allowance (Lifetime ECL)	<u>(2,095)</u>	<u>(3,550)</u>	<u>(3,140)</u>	<u>(4,975)</u>	<u>(223,350)</u>	<u>(237,110)</u>
Amortized cost	<u>\$ 5,782,827</u>	<u>\$ 421,144</u>	<u>\$ 110,328</u>	<u>\$ 15,313</u>	<u>\$ 16,013</u>	<u>\$ 6,345,625</u>

March 31, 2022

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Gross carrying amount	\$ 4,480,136	\$ 423,104	\$ 60,946	\$ 33,040	\$ 222,447	\$ 5,219,673
Loss allowance (Lifetime ECL)	<u>(2,177)</u>	<u>(1,072)</u>	<u>(2,025)</u>	<u>(9,612)</u>	<u>(189,162)</u>	<u>(204,048)</u>
Amortized cost	<u>\$ 4,477,959</u>	<u>\$ 422,032</u>	<u>\$ 58,921</u>	<u>\$ 23,428</u>	<u>\$ 33,285</u>	<u>\$ 5,015,625</u>

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 237,110	\$ 210,417
Provision (reversal) of loss allowance	10,218	(13,247)
Amount written off	(168,534)	(24)
Foreign exchange	<u>1,253</u>	<u>6,902</u>
Balance at March 31	<u>\$ 80,047</u>	<u>\$ 204,048</u>

12. INVENTORIES

	March 31, 2023	December 31, 2022	March 31, 2022
Merchandise	\$ 4,323,293	\$ 4,764,848	\$ 3,767,362
Maintenance parts	<u>28,089</u>	<u>28,686</u>	<u>26,981</u>
	<u>\$ 4,351,382</u>	<u>\$ 4,793,534</u>	<u>\$ 3,794,343</u>

**For the Three Months Ended
March 31**

2023

2022

Reversal of (write-down) of inventory (recognized as cost of goods sold)

\$ (400)

\$ 5,077

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

13. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
The Corporation	Concord System Management Corporation (CSMC)	Design, assessment and planning of computer system and application software and data-processing system, sale and lease of computer hardware, peripheral equipment and spare parts, and repairs and maintenance services	100.00	100.00	100.00	
The Corporation	System Capital Group, Inc. (SCGI)	Investment activities including financial trust and holding	100.00	100.00	100.00	
The Corporation	Hanmore Investment Corporation (Hanmore)	General investment activities	48.92	48.92	48.92	a
The Corporation	System Software & Service Corporation (SSSC)	Sale and development of computer software, data-processing services	100.00	100.00	100.00	
The Corporation	Golden Bridge Corporation (GBC)	General investment activities	100.00	100.00	100.00	
The Corporation	Taifon Computer Co., Ltd. (Taifon)	Design of computer hardware and software equipment system, computer room installation, and maintenance, sale, lease and consultation	100.00	100.00	100.00	
The Corporation	Ching Pu Investment Corporation (Ching Pu)	General investment activities	100.00	100.00	100.00	
The Corporation	Kimo.com (BVI) Corporation (Kimo BVI)	Investment activities including financial trust and holding	100.00	100.00	100.00	
The Corporation, Ching Pu and GBC	Syspower Corporation (Syspower)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	84.07	84.07	84.07	
The Corporation	Nexsys Corporation (Nexsys)	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment.	70.00	70.00	100.00	b
The Corporation	System Solutions Corporation (System Solutions)	Design, construction and sale of telecom instrument, electronic calculator and computer	100.00	100.00	100.00	
The Corporation	Etu Corporation (Etu)	Software design and data processing, retailing and service of software	-	-	84.19	c
The Corporation	Naturint Corporation (Naturint)	Installation, sale, information software, data processing and other consultation on computer software and related equipment, network certification and software publication	100.00	100.00	100.00	
The Corporation	E-Service Information Corporation (E-Service)	Information software service, intellectual property rights, printing and data storage media manufacturing and copying	100.00	100.00	100.00	
The Corporation	Taiwan Information Service Technology Co., Ltd. (TIST)	Installation, sale, information software, data processing and other consultation on computer software and related equipment	67.38	67.38	67.38	
The Corporation	UniXecure Corporation (UniXecure)	Design, construction and sale of telecom instrument, electronic calculator and computer	100.00	100.00	100.00	
The Corporation	Docutek Solutions, Inc. (Docutek Solutions)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	54.92	54.92	-	d
The Corporation	MISYS Corporation (MISYS)	Information software service	100.00	100.00	-	e
GBC	Softmobile Technology Corporation (Softmobile)	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	100.00	100.00	100.00	
Ching Pu	Taiwan Electronic Data Processing Corporation (TEDP)	Design, installation, maintenance, lease and consultation on computer software and hardware equipment system, computer room engineering, network equipment system integration, and wholesale and retailing of medical appliances	69.59	69.59	69.59	c

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2023	December 31, 2022	March 31, 2022	
Syspower and Syslink	Palsys Digital Technology Corporation (Palsys)	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	79.26	79.26	92.14	f
CSMC	Top Information Technologies Corporation (Top Information)	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	100.00	100.00	100.00	
Docutek Solutions	ANSecurity Inc. (ANSecurity)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	-	d
ANSecurity	Docutek Services Corporation (Docutek Services)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	-	d
Kimo BVI	Systex Information (HK) Corporation (Systex HK)	Sale of computer and peripheral equipment, retailing and processing of information of software	100.00	100.00	100.00	
Kimo BVI	Sysware Shenglong Information Systems Co., Ltd. (Sysware Shenglong)	Design of computer system, information processing service provider, retailing of computer and peripheral equipment	100.00	100.00	100.00	
Kimo BVI	Systek Information (Shanghai) Corporation (Systek)	Sale of computer and peripheral equipment, retailing and processing of information software	100.00	100.00	100.00	
Kimo BVI	Rainbow Tech Information (HK) Corporation (RTIHK)	Sale of computer and peripheral equipment, retailing and processing of information software	49.00	49.00	49.00	g
Kimo BVI	Systex Solutions (HK) Corporation (SSHK)	Investment activities including financial trust and holding	100.00	100.00	100.00	
Kimo BVI	Gemini Data (Gemini Data)	IT services, software development, wholesale and retail of computers and related equipment, electronic data processing and related services	100.00	100.00	100.00	h
Kimo BVI and SCGI	Syscore Corporation (Syscore)	General investment activities	100.00	100.00	100.00	
Syscore	Syslink Corporation (Syslink)	General investment activities	100.00	100.00	100.00	
Syscore	Syslong Corporation (Syslong)	General investment activities	100.00	100.00	100.00	
Syslink	Dawning Technology Inc. (Dawning)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	91.60	91.60	88.83	i
Syslink	Syswiser Technology Corporation (Syswiser)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	100.00	
Syslink and SSSC	Smartsys Technology Corporation (Smartsys)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	100.00	
Systex HK	Systex Group (China) Ltd. (Systex China)	Management consultation, marketing and sale, and capital and operation financial management.	100.00	100.00	100.00	
Systek	Systex Rainbow Tech Inc. (Systex Rainbow)	Research, development, installation and wholesale of software and hardware technique and internet system	100.00	100.00	100.00	
Systex China	Systex Ucom (Shanghai) Information Ltd. Co. (Systex Ucom)	Software design and data processing, retailing and service of software	100.00	100.00	100.00	
Systex Rainbow and Systex Ucom	Systex Rainbow (Shanghai) Tech Inc. (Rainbow Shanghai)	Research, development, installation and wholesale of software and hardware technique and internet system	100.00	100.00	100.00	j

(Concluded)

- The Group holds 48.92% interest in Hanmore. Since the Group is considered to have the practical power to direct the relevant activities of Hanmore, Hanmore is identified as a subsidiary.
- The Corporation disposed of 30% interest in Nexsys in May 2022 and reduced its interest in Nexsys to 70%.
- Etu and TEDP have been under dissolution and liquidation processes after the approval of shareholders in their meeting in December 2020. The Corporation received the refund from the liquidation of Etu in June 2022.
- The Corporation purchased 54.92% interest of Docutek Solutions in August 2022 and included the accounts in the consolidated financial statements since the acquisition date along with its subsidiaries, ANSecurities and Docutek Services.
- MISYS was incorporated in September 2022.

- f. Syspower subscribed for new shares issued by Palsys at a percentage different from its original ownership percentage in July 2022 and reduced its interest in Palsys to 79.26%. Syspower disposed of 79.23% interest in Palsys to Syslink in March 2023. Since the transaction was under joint control, no gains or losses were recognized, and the transaction cost of \$816 thousand was adjusted to reduce the related capital surplus.
- g. Kimo BVI holds 49% interest in RTIHK. Since the Group is considered to have the practical power to direct the relevant activities of RTIHK, RTIHK is identified as a subsidiary.
- h. Gemini Data was incorporated in January 2022.
- i. Syslink purchased 14.40% interest of Dawning from non-controlling shareholders in March 2022 and increased its interest in Dawning to 88.83%. In May 2022, the Corporation and Syslink subscribed for new shares issued by Dawning at a percentage different from their original ownership percentage, and total interest in Dawning was increased to 91.6%. In December 2022, the Corporation transferred all of its 20.11% interest in Dawning to Syslink. Since the transaction was under joint control, no gains or losses were recognized, and the transaction cost of \$536 thousand was adjusted to reduce the related capital surplus.
- j. Rainbow (Shanghai) 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.

All accounts of subsidiaries were included in the consolidated financial statements for the three months ended March 31, 2023 and 2022.

The financial statements of subsidiaries included in the consolidated financial statements mentioned above were not reviewed except for those of the Corporation, SSSC, SCGI, Kimo BVI and its subsidiaries (Palsys and Dawning excluded) for the three months ended March 31, 2023 and 2022. As of March 31, 2023 and 2022, the combined total assets of these unreviewed subsidiaries were \$8,101,266 thousand and \$6,449,945 thousand, respectively, representing 28.82% and 24.30%, respectively, of the consolidated total assets, and the combined total liabilities of these unreviewed subsidiaries were \$3,578,871 thousand and \$3,262,745 thousand, respectively, representing 27.49% and 26.45%, respectively, of the consolidated total liabilities. For the three months ended March 31, 2023 and 2022, the amounts of combined total comprehensive income of these unreviewed subsidiaries were \$164,489 thousand and \$78,702 thousand, respectively, representing 36.44% and 16.98%, respectively, of the consolidated total comprehensive income.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2023	December 31, 2022	March 31, 2022
Investments in associates	<u>\$ 1,968,129</u>	<u>\$ 1,963,914</u>	<u>\$ 1,785,812</u>

Aggregate information of associates:

	For the Three Months Ended March 31	
	2023	2022
The Group's share of:		
Net profit (loss) for the period	\$ 7,398	\$ (628)
Other comprehensive (loss) income for the period	<u>(3,183)</u>	<u>6,166</u>
Total comprehensive income for the period	<u>\$ 4,215</u>	<u>\$ 5,538</u>

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

15. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Computer Equipment	Transportation Equipment	Lease Equipment	Leasehold Improvements	Other Equipment	Total
<u>Cost</u>								
Balance at January 1, 2022	\$ 950,920	\$ 1,456,044	\$ 286,258	\$ 4,331	\$ 24,594	\$ 93,891	\$ 104,879	\$ 2,920,917
Additions	-	-	18,820	-	12,811	6,659	15,495	53,785
Disposals	-	-	(4,513)	-	-	(2,016)	(55)	(6,584)
Reclassification	-	-	(972)	-	(24)	-	-	(996)
Foreign exchange	-	10,205	1,320	62	82	163	465	12,297
Balance at March 31, 2022	<u>\$ 950,920</u>	<u>\$ 1,466,249</u>	<u>\$ 300,913</u>	<u>\$ 4,393</u>	<u>\$ 37,463</u>	<u>\$ 98,697</u>	<u>\$ 120,784</u>	<u>\$ 2,979,419</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	\$ 7,694	\$ 575,666	\$ 146,250	\$ 2,985	\$ 15,430	\$ 41,481	\$ 42,994	\$ 832,500
Depreciation expense	-	5,741	16,434	219	1,229	4,660	5,132	33,415
Disposals	-	-	(1,730)	-	-	(1,461)	(55)	(3,246)
Reclassification	-	-	(480)	-	(4)	-	-	(484)
Foreign exchange	-	2,876	1,013	43	82	102	113	4,229
Balance at March 31, 2022	<u>\$ 7,694</u>	<u>\$ 584,283</u>	<u>\$ 161,487</u>	<u>\$ 3,247</u>	<u>\$ 16,737</u>	<u>\$ 44,782</u>	<u>\$ 48,184</u>	<u>\$ 866,414</u>
Carrying amount at March 31, 2022	<u>\$ 943,226</u>	<u>\$ 881,966</u>	<u>\$ 139,426</u>	<u>\$ 1,146</u>	<u>\$ 20,726</u>	<u>\$ 53,915</u>	<u>\$ 72,600</u>	<u>\$ 2,113,005</u>
<u>Cost</u>								
Balance at January 1, 2023	\$ 1,016,441	\$ 1,467,117	\$ 405,981	\$ 4,356	\$ 35,066	\$ 116,809	\$ 140,769	\$ 3,186,539
Additions	-	-	16,523	-	7,728	59	4,224	28,534
Disposals	-	-	(52,320)	-	(1,619)	(4,163)	(5,562)	(63,664)
Reclassification	-	-	-	-	1,941	-	-	1,941
Foreign exchange	-	1,162	(127)	7	9	(94)	40	997
Balance at March 31, 2023	<u>\$ 1,016,441</u>	<u>\$ 1,468,279</u>	<u>\$ 370,057</u>	<u>\$ 4,363</u>	<u>\$ 43,125</u>	<u>\$ 112,611</u>	<u>\$ 139,471</u>	<u>\$ 3,154,347</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2023	\$ 7,694	\$ 598,874	\$ 214,530	\$ 3,776	\$ 18,308	\$ 62,337	\$ 68,722	\$ 974,241
Depreciation expense	-	5,797	19,649	97	2,428	5,468	5,968	39,407
Disposals	-	-	(51,720)	-	(1,619)	(3,909)	(5,284)	(62,532)
Foreign exchange	-	342	(119)	6	9	(70)	1	169
Balance at March 31, 2023	<u>\$ 7,694</u>	<u>\$ 605,013</u>	<u>\$ 182,340</u>	<u>\$ 3,879</u>	<u>\$ 19,126</u>	<u>\$ 63,826</u>	<u>\$ 69,407</u>	<u>\$ 951,285</u>
Carrying amount at December 31, 2022 and January 1, 2023	<u>\$ 1,008,747</u>	<u>\$ 868,243</u>	<u>\$ 191,451</u>	<u>\$ 580</u>	<u>\$ 16,758</u>	<u>\$ 54,472</u>	<u>\$ 72,047</u>	<u>\$ 2,212,298</u>
Carrying amount at March 31, 2023	<u>\$ 1,008,747</u>	<u>\$ 863,266</u>	<u>\$ 187,717</u>	<u>\$ 484</u>	<u>\$ 23,999</u>	<u>\$ 48,785</u>	<u>\$ 70,064</u>	<u>\$ 2,203,062</u>

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

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

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Buildings	\$ 366,033	\$ 288,171	\$ 260,171
Machinery	103,390	30,898	45,109
Transportation equipment	<u>5,904</u>	<u>6,899</u>	<u>3,422</u>
	<u>\$ 475,327</u>	<u>\$ 325,968</u>	<u>\$ 308,702</u>
		For the Three Months Ended March 31	
		2023	2022
Additions to right-of-use assets		<u>\$ 204,373</u>	<u>\$ 95,830</u>
Depreciation charge for right-of-use assets			
Buildings		\$ 37,188	\$ 32,800
Machinery		11,117	8,483
Transportation equipment		<u>995</u>	<u>482</u>
		<u>\$ 49,300</u>	<u>\$ 41,765</u>

b. Lease liabilities

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Carrying amount</u>			
Current	<u>\$ 168,868</u>	<u>\$ 138,424</u>	<u>\$ 136,170</u>
Non-current	<u>\$ 313,205</u>	<u>\$ 194,150</u>	<u>\$ 176,883</u>

Range of discount rates for lease liabilities was as follows:

	March 31, 2023	December 31, 2022	March 31, 2022
Buildings	1.00%-5.00%	1.00%-5.00%	1.00%-5.00%
Machinery	1.00%-1.25%	1.00%-1.25%	1.00%-1.25%
Transportation equipment	1.00%-1.22%	1.00%-1.22%	1.00%-1.25%

c. Material leasing activities and terms

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

d. Other lease information

	For the Three Months Ended March 31	
	2023	2022
Expenses relating to short-term leases and low-value asset leases	<u>\$ 13,787</u>	<u>\$ 12,528</u>
Total cash outflow for leases	<u>\$ 63,948</u>	<u>\$ 54,929</u>

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

The amounts of lease commitments for which the recognition exemption was applied were \$14,530 thousand and \$13,592 thousand as of March 31, 2023 and 2022, respectively.

17. BANK LOANS

a. Short-term loans

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured loans	\$ 818,410	\$ 1,419,640	\$ 1,186,610
Secured loans			
Bank secured loans	511,000	430,114	449,015
Leasing company's inventory sales and repurchase financing	<u>-</u>	<u>560</u>	<u>28,640</u>
	<u>\$ 1,329,410</u>	<u>\$ 1,850,314</u>	<u>\$ 1,664,265</u>
Annual interest rate			
Unsecured loans	1.73%-2.95%	1.37%-2.82%	1.10%-2.30%
Secured loans			
Bank secured loans	3.70%-4.00%	3.70%-4.00%	4.00%
Leasing company's inventory sales and repurchase financing	-	1.03%	1.03%

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

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

b. Long-term loans

	March 31, 2023	December 31, 2022	March 31, 2022
Secured loans	\$ 112,127	\$ 114,647	\$ 91,997
Less: Current portion	<u>(10,148)</u>	<u>(10,120)</u>	<u>(5,913)</u>
	<u>\$ 101,979</u>	<u>\$ 104,527</u>	<u>\$ 86,084</u>
Annual interest rate	2.03%-2.31%	1.40%-2.31%	1.40%-1.65%

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

18. BONDS PAYABLE

	March 31, 2023	December 31, 2022	March 31, 2022
Unsecured domestic bonds	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Less: Discount on bonds payable	<u>(4,278)</u>	<u>(4,580)</u>	<u>(5,333)</u>
	<u>\$ 2,995,722</u>	<u>\$ 2,995,420</u>	<u>\$ 2,994,667</u>

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

19. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2023 and 2022, the pension expenses of defined benefit plans were \$616 thousand and \$551 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2022 and 2021, respectively.

20. EQUITY

a. Share capital

	March 31, 2023	December 31, 2022	March 31, 2022
Number of shares authorized (in thousands)	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>
Share capital authorized (par value of \$10 per share)	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>	<u>\$ 4,000,000</u>
Number of shares issued (in thousands)	<u>272,333</u>	<u>272,333</u>	<u>269,393</u>
Share capital issued	<u>\$ 2,723,333</u>	<u>\$ 2,723,333</u>	<u>\$ 2,693,933</u>

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

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

b. Capital surplus

	March 31, 2023	December 31, 2022	March 31, 2022
May be used to offset a deficit, distribute as cash dividends, or transfer to share capital (1)			
Issuance of shares	\$ 4,425,972	\$ 4,425,972	\$ 4,641,487
The difference between the consideration paid or received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal	193,977	193,977	-
Donations	544	544	544
Treasury share transactions	2,052,062	2,052,062	1,945,013
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interest in subsidiaries and associates (2)	10,328	11,669	11,367
Gain on sale of property, plant and equipment	4,493	4,493	4,493
<u>May not be used for any purpose</u>			
Employee restricted shares	185,514	185,514	-
	<u>\$ 6,872,890</u>	<u>\$ 6,874,231</u>	<u>\$ 6,602,904</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 and associates accounted for using the equity method.

c. Retained earnings and dividends policy

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

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

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

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

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

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

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

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

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

The appropriations of earnings for 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	\$ (421,001)	\$ (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.

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 2021 were resolved by the shareholders in their meeting on May 26, 2022.

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

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

d. Other equity items

1) Exchange differences on translation of foreign operations

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ (272,123)	\$ (692,016)
Exchange differences on translation of foreign operations	(23,339)	137,453
Share of associates accounted for using the equity method	(4,118)	1,084
Balance at March 31	\$ (299,580)	\$ (553,479)

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

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ (36,000)	\$ (37,108)
Recognized for the period		
Unrealized (loss) gain on equity investments	(7,241)	1,282
Share of associates accounted for using the equity method	(16)	4,863
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>(60)</u>	<u>-</u>
Balance at March 31	<u>\$ (43,317)</u>	<u>\$ (30,963)</u>

3) Unearned employee benefits

	For the Three Months Ended March 31, 2023
Balance at January 1	\$ (171,334)
Share-based payment expenses recognized by the Corporation	27,515
Share-based payment expenses recognized by subsidiaries	<u>5,170</u>
Balance at March 31	<u>\$ (138,649)</u>

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

e. Treasury shares (in thousands)

Purpose of Treasury Share	Number of Shares at January 1	Increase During the Period	Decrease During the Period	Number of Shares at March 31
<u>2023 and 2022</u>				
Reclassification of the Corporation's shares held by subsidiaries from equity-method investments into treasury shares	<u>21,410</u>	<u>-</u>	<u>-</u>	<u>21,410</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Hanmore</u>			
Share (in thousands)	<u>21,317</u>	<u>21,317</u>	<u>21,317</u>
Investment cost	<u>\$ 738,426</u>	<u>\$ 738,426</u>	<u>\$ 755,480</u>
Market value	<u>\$ 1,679,754</u>	<u>\$ 1,481,509</u>	<u>\$ 1,724,519</u>

(Continued)

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Ching Pu</u>			
Share (in thousands)	<u>10,982</u>	<u>10,982</u>	<u>10,982</u>
Investment cost	<u>\$ 237,308</u>	<u>\$ 237,308</u>	<u>\$ 246,093</u>
Market value	<u>\$ 865,340</u>	<u>\$ 763,213</u>	<u>\$ 888,401</u>
			(Concluded)

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 March 31, 2023, December 31, 2022 and March 31, 2022. The remaining was treated as recoveries from Hanmore's non-controlling interests, accounted for deduction to non-controlling interests in balance sheets.

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

f. Non-controlling interests

	For the Three Months Ended March 31	
	2023	2022
Balance at January 1	\$ 539,648	\$ 307,828
Attributable to non-controlling interests:		
Share of profit for the period	30,651	2,216
Exchange differences on translation of foreign operations	(955)	1,825
Equity transactions with non-controlling interests (Note 27)	-	(58,574)
Changes in percentage of ownership interest in subsidiaries	275	-
Cash dividends distributed by subsidiaries	-	(1,481)
Non-controlling interests related to recognition of share-based payment transactions by subsidiaries (Note 25)	<u>250</u>	<u>-</u>
Balance at March 31	<u>\$ 569,869</u>	<u>\$ 251,814</u>

21. REVENUE

	For the Three Months Ended March 31	
	2023	2022
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 6,494,890	\$ 6,097,297
Revenue from the rendering of services	1,694,359	1,600,387
Other operating revenue	<u>39,471</u>	<u>17,398</u>
	<u>\$ 8,228,720</u>	<u>\$ 7,715,082</u>

Contract Balances

	March 31, 2023	December 31, 2022	March 31, 2022
Notes and accounts receivable	\$ 4,765,646	\$ 6,345,625	\$ 5,015,625
Contract liabilities	\$ 1,905,970	\$ 2,438,375	\$ 1,423,428

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

22. NET PROFIT

a. Depreciation and amortization

	For the Three Months Ended March 31	
	2023	2022
Property, plant and equipment	\$ 39,407	\$ 33,415
Right-of-use assets	49,300	41,765
Intangible assets	<u>15,547</u>	<u>8,865</u>
	<u>\$ 104,254</u>	<u>\$ 84,045</u>
An analysis of depreciation by function		
Operating costs	\$ 23,617	\$ 20,106
Operating expenses	<u>65,090</u>	<u>55,074</u>
	<u>\$ 88,707</u>	<u>\$ 75,180</u>
An analysis of amortization by function		
Operating costs	\$ 59	\$ 223
Operating expenses	<u>15,488</u>	<u>8,642</u>
	<u>\$ 15,547</u>	<u>\$ 8,865</u>

b. Employee benefits expenses

	For the Three Months Ended March 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 45,794	\$ 51,572
Defined benefit plans (Note 19)	<u>616</u>	<u>551</u>
	46,410	52,123
Compensation cost of share-based payment	32,685	-
Payroll	1,064,448	939,974
Labor and health insurance	91,269	90,801
Other employee benefits	<u>42,213</u>	<u>44,292</u>
	<u>\$ 1,277,025</u>	<u>\$ 1,127,190</u>

(Continued)

	For the Three Months Ended March 31	
	2023	2022
An analysis of employee benefits expenses by function		
Operating costs	\$ 64,868	\$ 44,428
Operating expenses	<u>1,212,157</u>	<u>1,082,762</u>
	<u>\$ 1,277,025</u>	<u>\$ 1,127,190</u>
		(Concluded)

As of March 31, 2023 and 2022, the Group had 4,351 and 4,220 employees, respectively.

c. Compensation of employees and remuneration of directors

The Corporation accrues compensation of employees and remuneration of directors at the rates 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 estimated amounts of compensation of employees and remuneration of directors for the three months ended March 31, 2023 and 2022 were as follows:

	For the Three Months Ended March 31	
	2023	2022
	Cash	Cash
Compensation of employees	\$ 14,700	\$ 10,052
Remuneration of directors	9,800	6,702

The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which have been approved by the Corporation's board of directors on February 22, 2023 and February 23, 2022, respectively, were as follows:

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

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

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

23. INCOME TAXES

- a. The main components of tax expenses recognized in profit or loss

	For the Three Months Ended March 31	
	2023	2022
Current tax		
In respect of the current period	\$ 86,643	\$ 66,372
Income tax on unappropriated earnings	79	-
Additional income tax under the Alternative Minimum Tax Act	10,961	-
Adjustments for prior years	<u>(823)</u>	<u>(523)</u>
	<u>96,860</u>	<u>65,849</u>
Deferred tax		
In respected of the current period	2,527	3,105
Adjustments for prior years	<u>-</u>	<u>(240)</u>
	<u>2,527</u>	<u>2,865</u>
Income tax expense recognized in profit or loss	<u>\$ 99,387</u>	<u>\$ 68,714</u>

- b. Income tax assessments

Income tax returns through 2020 and undistributed earnings through 2019 of the Corporation, SSSC, Nexsys, CSMC, TEDP, Naturint, Syslink, E-service, Taifon and Systex Solutions. Income tax returns through 2021 and undistributed earnings through 2020 of Ching Pu, Hanmore, GBC, Softmobile, Syspower, Top Information, TIST, UniXecure, Syscore, Smartsys, Syswiser, Syslong, Palsys, Dawning, Docutek Solutions, ANSecurity and Docutek Services, have been assessed by the tax authorities.

24. EARNINGS PER SHARE

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

	For the Three Months Ended March 31	
	2023	2022
<u>Net income for the period</u>		
Net income for the period attributable to owners of the Corporation	<u>\$ 455,495</u>	<u>\$ 314,512</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of basic earnings per share	247,983	247,983
Effect of potentially dilutive ordinary shares:		
Compensation of employees	455	402
Employee restricted shares	<u>576</u>	<u>-</u>
Weighted average number of ordinary shares in the computation of diluted earnings per share	<u>249,014</u>	<u>248,385</u>

(Continued)

	For the Three Months Ended March 31	
	2023	2022
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	\$ <u>1.84</u>	\$ <u>1.27</u>
Diluted earnings per share	\$ <u>1.83</u>	\$ <u>1.27</u>
		(Concluded)

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

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

	For the Three Months Ended March 31	
	2023	2022
<u>Net income for the period</u>		
Net income for the period attributable to owners of the Corporation	\$ <u>455,495</u>	\$ <u>314,512</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares in the computation of pro forma basic earnings per share	269,393	269,393
Effect of potentially dilutive ordinary shares:		
Compensation of employees	455	402
Employee restricted shares	<u>576</u>	<u>-</u>
Weighted average number of ordinary shares in the computation of pro forma diluted earnings per share	<u>270,424</u>	<u>269,795</u>
<u>Earnings per share (NT\$)</u>		
Basic earnings per share	\$ <u>1.69</u>	\$ <u>1.17</u>
Diluted earnings per share	\$ <u>1.68</u>	\$ <u>1.17</u>

25. SHARE-BASED PAYMENT ARRANGEMENTS

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

- The employees remain employed by the Group on the last date of each vesting period, and the employees' performance metrics and the Group's operational goal are met at the same time, and during the vesting period, the employees may not breach labor contracts with the Group or be given a major demerit according to the Group's rewards and punishment regulations.

- b. The maximum percentage of granted RSAs that may be vested each year shall be as follows: one year anniversary of the grant: 33%; two-year anniversary of the grant: 33%; and three-year anniversary of the grant: 34%; or the maximum percentage of granted RSAs that may be vested for the three years from 2022 to 2024 will be set as 100%; provided that the actual percentage and number of the RSAs to be vested in each year will be calculated based on the achievement of the employees' performance metrics and the Group's operational goals.

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

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

On August 3, 2022, the board of directors approved to issue 3,000 thousand shares under a restricted share plan for employees with a par value of \$10 per share and a total amount of \$30,000 thousand. The grant date was September 1, 2022, and the closing price was \$73.10. As of March 31, 2023, the RSAs are not vested.

For the three months ended March 31, 2023, the compensation cost recognized on the RSAs was \$32,685 thousand.

26. BUSINESS COMBINATIONS

- a. Subsidiaries acquired

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

Docutek Solutions was acquired in order to continue the expansion of the Group's operations.

b. Consideration transferred

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

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

	Docutek Solutions
Current assets	
Cash and cash equivalents	\$ 219,804
Financial assets at FVTPL	5,093
Accounts receivable	60,239
Receivables from related parties	4,374
Inventories	13,563
Prepayments	55,560
Other current assets	67
Non-current assets	
Property, plant and equipment	91,550
Other intangible assets	46,311
Deferred tax assets	5,841
Other non-current assets	7,374
Current liabilities	
Short-term loans	20,000
Contract liabilities	131,421
Notes and accounts payable	16,082
Other payables	15,286
Other current liabilities	253
Non-current liabilities	
Long-term loans	28,791
Other non-current liabilities	<u>1,553</u>
	\$ <u>296,390</u>

d. Goodwill recognized on acquisitions

	Docutek Solutions
Consideration transferred	\$ 286,000
Add: Non-controlling interests	112,771
Less: Fair value of identifiable net assets acquired	<u>(296,390)</u>
Goodwill recognized on acquisitions	\$ <u>102,381</u>

e. Net cash outflow on the acquisition of subsidiaries

	Docutek Solutions
Cash and cash equivalent acquired	\$ 219,804
Less: Consideration paid in cash	<u>(286,000)</u>
	\$ <u>(66,196)</u>

f. Impact of acquisitions on the results of the Group

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

27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

- b. As described in Note 13f, the Group subscribed for new shares issued by Palsys at a percentage different from its original ownership percentage in July 2022 and reduced its interest in Palsys from 92.14% to 79.26%; therefore, the Group recognized an increase in capital surplus - changes in percentage of ownership interest in subsidiaries of \$3,151 thousand.

- c. As described in Note 13i, the Group purchased shares of Dawning from the non-controlling shareholders in March 2022 and increased its interest in Dawning from 74.43% to 88.83%. The transaction was accounted for as equity transaction, since the Group did not cease to have control over the subsidiary.

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

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

28. CAPITAL MANAGEMENT

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

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

29. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 48,169	\$ -	\$ -	\$ 48,169
Unlisted shares	-	-	1,853,435	1,853,435
Unlisted preferred shares	-	-	75,773	75,773
Mutual funds	3,831,429	-	-	3,831,429
Others	-	-	116,223	116,223
	<u>\$ 3,879,598</u>	<u>\$ -</u>	<u>\$ 2,045,431</u>	<u>\$ 5,925,029</u>
Financial assets at FVTOCI				
Listed shares	\$ 41,100	\$ -	\$ -	\$ 41,100
Unlisted shares	-	-	253,798	253,798
Unlisted preferred shares	-	-	47,543	47,543
	<u>\$ 41,100</u>	<u>\$ -</u>	<u>\$ 301,341</u>	<u>\$ 342,441</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 212,359	\$ -	\$ -	\$ 212,359
Unlisted shares	-	-	1,840,404	1,840,404
Unlisted preferred shares	-	-	85,734	85,734
Mutual funds	3,346,134	-	-	3,346,134
Others	-	-	114,790	114,790
	<u>\$ 3,558,493</u>	<u>\$ -</u>	<u>\$ 2,040,928</u>	<u>\$ 5,599,421</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Listed shares	\$ 33,177	\$ -	\$ -	\$ 33,177
Unlisted shares	-	-	252,335	252,335
Unlisted preferred shares	-	-	57,121	57,121
	<u>\$ 33,177</u>	<u>\$ -</u>	<u>\$ 309,456</u>	<u>\$ 342,633</u>
				(Concluded)

March 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 145,841	\$ -	\$ -	\$ 145,841
Unlisted shares	-	-	1,636,380	1,636,380
Unlisted preferred shares	-	-	107,277	107,277
Mutual funds	3,956,687	-	-	3,956,687
Others	-	-	99,311	99,311
	<u>\$ 4,102,528</u>	<u>\$ -</u>	<u>\$ 1,842,968</u>	<u>\$ 5,945,496</u>
Financial assets at FVTOCI				
Unlisted shares	\$ -	\$ -	\$ 225,869	\$ 225,869
Unlisted preferred shares	-	-	53,243	53,243
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279,112</u>	<u>\$ 279,112</u>

There were no transfers between Levels 1 and 2 for the three months ended March 31, 2023 and 2022.

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

For the three months ended March 31, 2023

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1	\$ 2,040,928	\$ 309,456	\$ 2,350,384
Recognized in profit or loss	57,864	-	41,521
Recognized in other comprehensive income	-	(16,270)	(16,270)
Purchases	-	10,010	10,010
Disposals	(49,493)	-	(33,150)
Capital reduction	(3,250)	-	(3,250)
Net exchange differences	<u>(618)</u>	<u>(1,855)</u>	<u>(2,473)</u>
Balance at March 31	<u>\$ 2,045,431</u>	<u>\$ 301,341</u>	<u>\$ 2,346,772</u>
Unrealized gain for the current period recognized in profit or loss relating to assets held at the end of the period	<u>\$ 16,735</u>		<u>\$ 16,735</u>

For the three months ended March 31, 2022

Financial Assets	Financial Assets at FVTPL Equity Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1	\$ 1,700,303	\$ 301,551	\$ 2,001,854
Recognized in profit or loss	152,425	-	152,425
Recognized in other comprehensive income	-	1,282	1,282
Capital reduction	(11,629)	(32,382)	(44,011)
Net exchange differences	<u>1,869</u>	<u>8,661</u>	<u>10,530</u>
Balance at March 31	<u>\$ 1,842,968</u>	<u>\$ 279,112</u>	<u>\$ 2,122,080</u>
Unrealized gain for the current period recognized in profit or loss relating to assets held at the end of the period	<u>\$ 152,425</u>		<u>\$ 152,425</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 stock and others	The assets approach is used to the individual assets and individual liabilities to reflect the overall value of the investment target. Significant unobservable inputs are discounted considering marketability.

c. Categories of financial instruments

	March 31, 2023	December 31, 2022	March 31, 2022
<u>Financial assets</u>			
FVTPL	\$ 5,925,029	\$ 5,599,421	\$ 5,945,496
Amortized cost (1)	10,758,588	12,525,986	10,284,699
FVTOCI	342,441	342,633	279,112
<u>Financial liabilities</u>			
Amortized cost (2)	9,865,433	11,823,232	9,745,006

- 1) The balances comprise cash and cash equivalents, notes receivable, accounts receivable, refundable deposits, other receivables, lease receivables (included in other current assets and other non-current assets), long-term receivables, pledged time deposits (included in other financial assets), and debt investment (included in financial assets at amortized cost - non-current).

- 2) The balances comprise short-term loans, notes and accounts payable, accounts payable to related parties, other payables, guarantee deposits received (included in other non-current liabilities), bonds payable, current portion of long-term borrowings and long-term borrowings.

d. Financial risk management objectives and policies

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

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

1) Market risk

a) Foreign currency risk

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

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

	For the Three Months Ended March 31	
	2023	2022
Increase/decrease	<u>\$ 5,999</u>	<u>\$ 15,865</u>

b) Interest rate risk

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

	March 31, 2023	December 31, 2022	March 31, 2022
Fair value interest rate risk			
Financial assets	\$ 1,833,061	\$ 1,801,683	\$ 899,797
Financial liabilities	4,325,132	5,177,748	4,658,932
Cash flow interest rate risk			
Financial assets	3,370,406	3,590,352	3,662,360
Financial liabilities	112,127	114,647	91,997

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

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

	For the Three Months Ended March 31	
	2023	2022
Increase/decrease	<u>\$ 815</u>	<u>\$ 893</u>

c) Other price risk

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

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

	For the Three Months Ended March 31	
	2023	2022
Pre-tax net income		
Increase/decrease	<u>\$ 296,251</u>	<u>\$ 297,275</u>
Other comprehensive income		
Increase/decrease	<u>\$ 17,122</u>	<u>\$ 13,956</u>

2) Credit risk

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

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

3) Liquidity risk

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

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

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

30. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and their relationship with the Group

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

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

b. Operating revenue

Line Items	Related Party Categories	For the Three Months Ended March 31	
		2023	2022
Sales	Associates	<u>\$ 47,387</u>	<u>\$ 27,803</u>
	Director of subsidiary	<u>\$ 456</u>	<u>\$ -</u>
Service revenue	Associates	<u>\$ 1,634</u>	<u>\$ 2,158</u>
	Director of subsidiary	<u>\$ 48</u>	<u>\$ -</u>
Other operating revenue	Director of subsidiary	<u>\$ 159</u>	<u>\$ -</u>

c. Purchases

Related Party Categories	For the Three Months Ended March 31	
	2023	2022
Associates	<u>\$ 8,072</u>	<u>\$ 4,926</u>

d. Receivables from related parties

Line Items	Related Party Categories	March 31, 2023	December 31, 2022	March 31, 2022
Accounts receivable	Associates	\$ 53,524	\$ 39,335	\$ 33,899
	Director of subsidiary	\$ 450	\$ 172	\$ -
Lease receivables - current (included in other current assets)	Director of subsidiary	\$ 1,465	\$ 1,310	\$ -
Lease receivables - non-current (included in other non-current assets)	Director of subsidiary	\$ 1,900	\$ 1,971	\$ -

e. Payables to related parties

Line Items	Related Party Categories	March 31, 2023	December 31, 2022	March 31, 2022
Payables to related parties	Associates	\$ 14,003	\$ 23,873	\$ 11,391
Other payables	Director of subsidiary	\$ 9,402	\$ 9,402	\$ 9,402

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

f. Acquisition of property, plant and equipment

Related Party Categories	For the Three Months Ended March 31	
	2023	2022
Associates	\$ 360	\$ -

g. Other transactions with related parties

Line Items	Related Party Categories	For the Three Months Ended March 31	
		2023	2022
Service cost	Associates	\$ 4,170	\$ 4,682
Operating expenses	Associates	\$ 741	\$ 609
	Director of subsidiary	\$ 62	\$ -

h. Compensation of key management personnel

	For the Three Months Ended March 31	
	2023	2022
Short-term employee benefits	\$ 30,665	\$ 27,918
Share-based payment	26,459	-
Post-employment benefits	<u>769</u>	<u>714</u>
	<u>\$ 57,893</u>	<u>\$ 28,632</u>

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

31. PLEDGED ASSETS

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

	March 31, 2023	December 31, 2022	March 31, 2022
Property, plant and equipment - land and buildings, net	\$ 432,797	\$ 433,588	\$ 352,686
Pledged time deposits - current (included in other financial assets - current)	471,482	474,863	292,219
Pledged time deposits - non-current (included in other financial assets non-current)	63,292	86,508	107,578
The shares of the Corporation (Note)	<u>394,000</u>	<u>347,500</u>	<u>404,500</u>
	<u>\$ 1,361,571</u>	<u>\$ 1,342,459</u>	<u>\$ 1,156,983</u>

Note: Hanmore pledged 5,000 thousand shares of the Corporation as of March 31, 2023, December 31, 2022 and March 31, 2022, respectively, and it was eliminated on consolidation.

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

	March 31, 2023	December 31, 2022	March 31, 2022
	<u>\$ 684</u>	<u>\$ 658</u>	<u>\$ 660</u>

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

	March 31, 2023	December 31, 2022	March 31, 2022
	<u>\$ 18,829,521</u>	<u>\$ 15,378,533</u>	<u>\$ 14,465,148</u>

- c. The Group provided endorsements for others in Table 3.
- d. The Group issues gift certificates and gift cards. For the handling of advance receipts from customers for sold gift certificates and gift cards, the Group entered into a trust agreement with E.SUN Commercial Bank according to the “Provision to be Included in Standard Form Contract of All Sorts of Gift Certificates of Retail Companies” issued by the Ministry of Economic Affairs. According to the trust agreement, the Group opened a trust account in E.SUN Commercial Bank. Advance receipts from customers for sold gift certificates are deposited in the trust account and amounts for services already provided to customers are paid to the Group on a monthly basis. The balance in the trust account should be not lower than the amount of outstanding gift certificates and gift cards. As of March 31, 2023, the Group’s assets in the trust account amounted to \$134,118 thousand (included in other financial assets).

33. OTHER ITEMS

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

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

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

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 11,145	30.46	\$ 339,421
RMB	10,068	4.43	44,586
Non-monetary items			
Financial assets at FVTPL			
HKD	11,202	3.88	43,453
<u>Financial liabilities</u>			
Monetary items			
USD	8,623	30.46	262,613
RMB	317	4.43	1,404

December 31, 2022

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

March 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 17,286	28.63	\$ 494,812
RMB	2,356	4.51	10,624
Non-monetary items			
Financial assets at FVTPL			
HKD	12,595	3.66	46,047
<u>Financial liabilities</u>			
Monetary items			
USD	6,554	28.63	187,608
RMB	117	4.51	528

For the three months ended March 31, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were \$(456) thousand and \$2,056 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

35. SEGMENT INFORMATION

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

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

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

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

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

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

Investment department engages in investment activities.

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

Consolidated revenues and results

	Financial Business Integration	Consumer Market Integration	Digital Ecosystem Integration	Commercial Software Service Integration	China Group	Investment Department	Adjustment and Elimination	Total
For the three months ended March 31, 2023								
Sales to customers	\$ 984,466	\$ 1,476,033	\$ 2,152,120	\$ 2,212,647	\$ 1,403,454	\$ -	\$ -	\$ 8,228,720
Sales to other segments	49,109	29,362	432,058	40,264	139,840	-	(690,633)	-
Total sales	<u>\$ 1,033,575</u>	<u>\$ 1,505,395</u>	<u>\$ 2,584,178</u>	<u>\$ 2,252,911</u>	<u>\$ 1,543,294</u>	<u>\$ -</u>	<u>\$ (690,633)</u>	<u>\$ 8,228,720</u>
Segment income	<u>\$ 81,600</u>	<u>\$ 96,055</u>	<u>\$ 208,045</u>	<u>\$ 151,625</u>	<u>\$ 5,434</u>	<u>\$ 160,982</u>	<u>\$ -</u>	<u>\$ 703,741</u>
Corporate general expenses								(118,208)
Income before income tax								<u>\$ 585,533</u>
Segment depreciation and amortization expenses	<u>\$ 13,887</u>	<u>\$ 8,470</u>	<u>\$ 27,942</u>	<u>\$ 3,417</u>	<u>\$ 11,248</u>	<u>\$ -</u>		\$ 64,964
Non-segment depreciation and amortization expenses								39,290
Total depreciation and amortization expenses								<u>\$ 104,254</u>
Segment assets	<u>\$ 4,891,318</u>	<u>\$ 2,685,051</u>	<u>\$ 1,636,874</u>	<u>\$ 4,988,428</u>	<u>\$ 3,098,098</u>	<u>\$ 8,859,283</u>		\$ 26,159,052
General assets								1,950,770
Total assets								<u>\$ 28,109,822</u>
For the three months ended March 31, 2022								
Sales to customers	\$ 1,041,858	\$ 1,287,432	\$ 1,736,070	\$ 2,243,970	\$ 1,405,752	\$ -	\$ -	\$ 7,715,082
Sales to other segments	149,407	30,755	107,230	16,753	123,687	-	(427,832)	-
Total sales	<u>\$ 1,191,265</u>	<u>\$ 1,318,187</u>	<u>\$ 1,843,300</u>	<u>\$ 2,260,723</u>	<u>\$ 1,529,439</u>	<u>\$ -</u>	<u>\$ (427,832)</u>	<u>\$ 7,715,082</u>
Segment income	<u>\$ 68,365</u>	<u>\$ 129,708</u>	<u>\$ 66,441</u>	<u>\$ 165,761</u>	<u>\$ 41,918</u>	<u>\$ 16,288</u>	<u>\$ -</u>	<u>\$ 488,481</u>
Corporate general expenses								(103,039)
Income before income tax								<u>\$ 385,442</u>
Segment depreciation and amortization expenses	<u>\$ 12,227</u>	<u>\$ 7,603</u>	<u>\$ 18,012</u>	<u>\$ 2,550</u>	<u>\$ 10,662</u>	<u>\$ -</u>		\$ 51,054
Non-segment depreciation and amortization expenses								32,991
Total depreciation and amortization expenses								<u>\$ 84,045</u>
Segment assets	<u>\$ 3,958,384</u>	<u>\$ 2,563,427</u>	<u>\$ 2,037,277</u>	<u>\$ 3,682,377</u>	<u>\$ 3,033,506</u>	<u>\$ 9,630,852</u>		\$ 24,905,823
General assets								1,631,767
Total assets								<u>\$ 26,537,590</u>

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

36. SEPARATELY DISCLOSED ITEMS

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

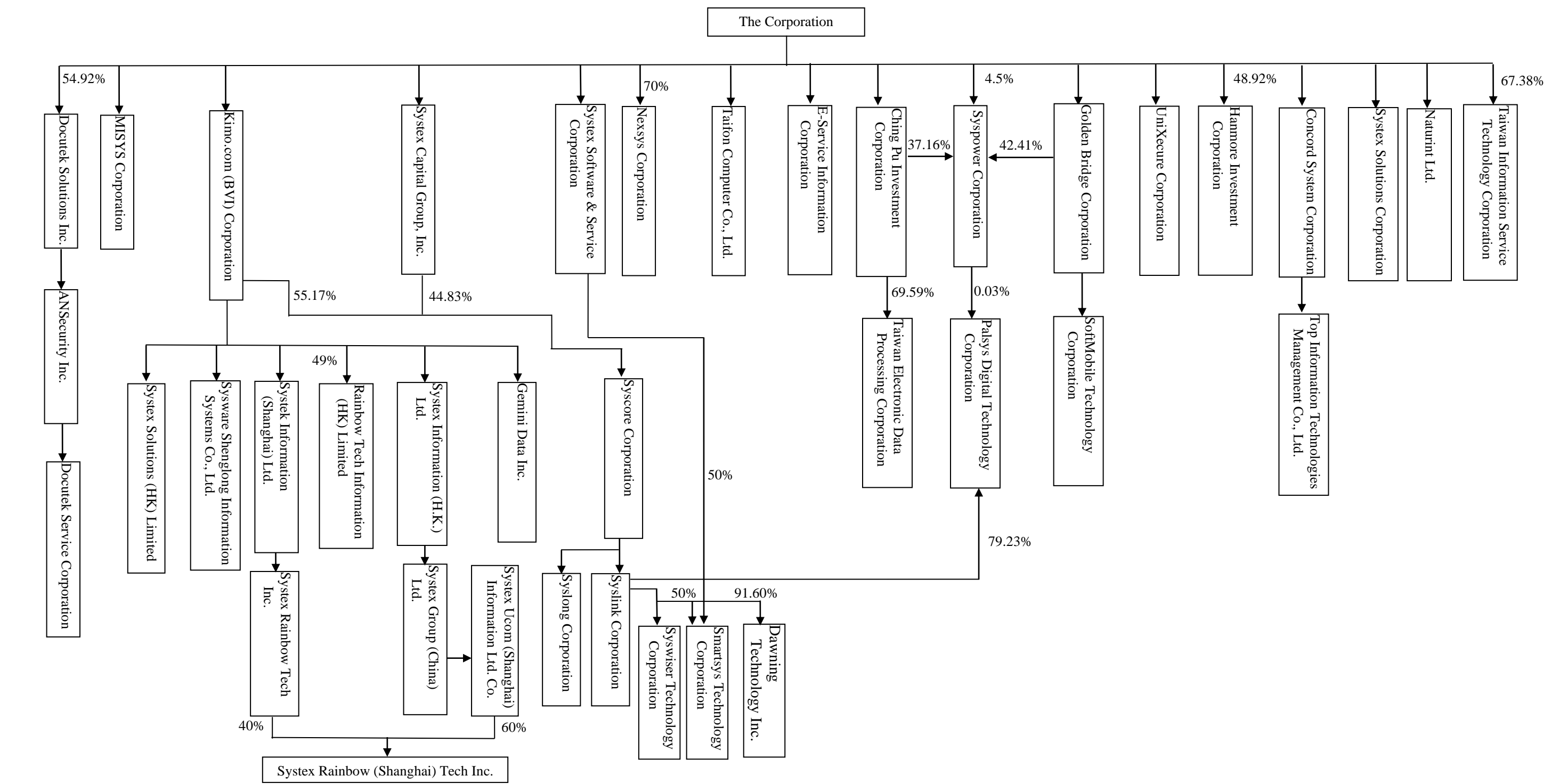
- 1) Financing provided to others (Table 2)
- 2) Endorsements/guarantees provided (Table 3)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 4)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 5)

- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 9) Trading in derivative instruments (None)
 - 10) Other: Intercompany relationships and significant intercompany transactions (Table 7)
 - 11) Information on investees (Table 8)
- b. 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 9)
 - 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 7):
 - 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
- c. 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 10)

TABLE 1

SYSTEX CORPORATION AND SUBSIDIARIES

THE RELATIONSHIP AND PERCENTAGE OF OWNERSHIP OF COMPANIES IN THE GROUP
MARCH 31, 2023



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

TABLE 2

SYSTEX CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 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 20)	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	\$ 500,000	\$ -	2.00	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,904,247	\$ 5,808,494	(Note 3)
1	Systex Group (China) Ltd.	Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	133,284	132,855	13,286	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,904,247	5,808,494	(Note 4)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	222,140	221,425	119,570	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,904,247	5,808,494	(Note 5)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	22,214	22,143	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,904,247	5,808,494	(Note 6)
		Systex Ucom (Shanghai) Information Ltd. Co.	Receivables from related parties	Y	222,140	221,425	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,904,247	5,808,494	(Note 7)
2	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	266,568	265,710	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,904,247	5,808,494	(Note 8)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	44,428	44,285	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,904,247	5,808,494	(Note 9)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	44,428	44,285	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,904,247	5,808,494	(Note 10)
3	Systex Rainbow Tech Inc.	Systex Group (China) Ltd.	Receivables from related parties	Y	88,856	88,570	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,904,247	5,808,494	(Note 11)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	44,428	44,285	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,904,247	5,808,494	(Note 12)
4	Sysware Shenglong Information Systems Co., Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	44,428	44,285	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,904,247	5,808,494	(Note 13)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	44,428	44,285	42,071	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,904,247	5,808,494	(Note 14)
5	Syspower Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	160,000	160,000	-	2.00	Short-term financing	-	Operating capital	-	-	-	197,749	197,749	(Note 15)
6	Concord System Management Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	70,000	70,000	-	2.00	Business Relations	350,956	Operating capital	-	-	-	350,956	165,928	(Note 16)
7	Syscore Corporation	Concord System Management Corporation	Receivables from related parties	Y	150,000	150,000	150,000	2.00	Short-term financing	-	Operating capital	-	-	-	1,326,464	1,326,464	(Note 17)
8	Syslink Corporation	Concord System Management Corporation	Receivables from related parties	Y	150,000	150,000	67,000	2.00	Short-term financing	-	Operating capital	-	-	-	513,045	513,045	(Note 18)
		Palsys Digital Technology Corporation	Receivables from related parties	Y	160,000	160,000	160,000	2.00	Short-term financing	-	Operating capital	-	-	-	513,045	513,045	(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 20% of the Corporation's net equity.

Note 3: The highest balance for the period is \$500,000 thousand. The ending balance is \$500,000 which has not been withdrawn

Note 4: The highest balance for the period is \$133,284 thousand (RMB30,000 thousand). The ending balance is \$132,855 thousand (RMB30,000 thousand), including \$119,569 thousand (RMB27,000 thousand) which has not been withdrawn.

Note 5: The highest balance for the period is \$222,140 thousand (RMB50,000 thousand). The ending balance is \$221,425 thousand (RMB50,000 thousand), including \$101,855 thousand (RMB23,000 thousand) which has not been withdrawn.

(Continued)

Note 6: The highest balance for the period is \$22,214 thousand (RMB5,000 thousand). The ending balance is \$22,143 thousand (RMB5,000 thousand) which has not been withdrawn.

Note 7: The highest balance for the period is \$222,140 thousand (RMB50,000 thousand). The ending balance is \$221,425 thousand (RMB50,000 thousand) which has not been withdrawn.

Note 8: The highest balance for the period is \$266,568 thousand (RMB60,000 thousand). The ending balance is \$265,710 thousand (RMB60,000 thousand) which has not been withdrawn.

Note 9: The highest balance for the period is \$44,428 thousand (RMB10,000 thousand). The ending balance is \$44,285 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 10: The highest balance for the period is \$44,428 thousand (RMB10,000 thousand). The ending balance is \$44,285 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 11: The highest balance for the period is \$88,856 thousand (RMB20,000 thousand). The ending balance is \$88,570 thousand (RMB20,000 thousand) which has not been withdrawn.

Note 12: The highest balance for the period is \$44,428 thousand (RMB10,000 thousand). The ending balance is \$44,285 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 13: The highest balance for the period is \$44,428 thousand (RMB10,000 thousand). The ending balance is \$44,285 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 14: The highest balance for the period is \$44,428 thousand (RMB10,000 thousand). The ending balance is \$44,285 thousand (RMB10,000 thousand), including \$2,214 thousand (RMB500 thousand) which has not been withdrawn.

Note 15: The highest balance for the period is \$160,000 thousand. The ending balance is \$160,000 thousand which has not been withdrawn.

Note 16: The highest balance for the period is \$70,000 thousand. The ending balance is \$70,000 thousand which has not been withdrawn.

Note 17: The highest balance for the period is \$150,000 thousand. The ending balance is \$150,000 thousand which has been withdrawn.

Note 18: The highest balance for the period is \$150,000 thousand. The ending balance is \$150,000 thousand, including \$83,000 thousand which has not been withdrawn.

Note 19: The highest balance for the period is \$160,000 thousand. The ending balance is \$160,000 thousand which has been withdrawn.

Note 20: The ending balance of actual amount borrowed has been eliminated in the consolidated financial statements.

(Concluded)

TABLE 3

SYSTEX CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 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	\$ 3,630,309	\$ 381,000	\$ 380,688	\$ 177,218	\$ -	2.62	\$ 7,260,618	Y	N	N	(Notes 2 and 3)
		Systex Group (China) Ltd.	b	3,630,309	1,755,065	1,755,065	568,888	-	12.09	7,260,618	Y	N	Y	(Notes 2 and 3)
		Systek Information (Shanghai) Ltd.	b	3,630,309	15,240	15,228	-	-	0.10	7,260,618	Y	N	Y	(Notes 2 and 3)
		Systex Rainbow Tech Inc.	b	3,630,309	45,720	45,683	-	-	0.31	7,260,618	Y	N	Y	(Notes 2 and 3)
		Systex Ucom (Shanghai) Information Ltd. Co.	b	3,630,309	133,284	132,855	8,079	-	0.91	7,260,618	Y	N	Y	(Notes 2 and 3)
		Systex Software & Service Corporation	b	3,630,309	1,000,000	1,000,000	405,760	-	6.89	7,260,618	Y	N	N	(Notes 2 and 3)
1	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	d	884,834	222,140	221,425	194,110	221,425	50.05	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 equity of the provider.

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

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

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

TABLE 4

SYSTEX CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 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	March 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Controlling company - Systex Corporation	<u>Ordinary shares</u>							
	GCH Systems		Financial assets at FVTPL - non-current	56,226	\$ -	0.74	\$ -	
	Taiwan Futures Exchange Corporation		"	15,718,664	1,465,376	3.28	1,465,376	
	Saho Corporation		"	795,895	-	1.79	-	
	Far Eastern Electronic Toll Collection Co., Ltd.		"	25,263,076	240,154	8.42	240,154	
	Sysjust Co., Ltd.		"	1,108,592	23,263	4.22	23,263	
	3Probe Technologies Co., Ltd.		"	300,000	2,374	6.42	2,374	
	Da Ho Marketing Co., Ltd.		"	1,260,000	11,877	14.63	11,877	
	Princo Co., Ltd.		"	808,415	-	0.20	-	
	Wegoluck Co., Ltd.		"	471,700	-	3.20	-	
	Yankey Inc.		"	150,000	-	3.57	-	
	Germini Data Inc.		"	3,404,000	-	1.54	-	
	Prudence Capital Management Co., Ltd.		Financial assets at FVTOCI - non-current	52,184	682	0.50	682	
	Alpha Core Philosophy Co., Ltd.		"	555,560	15,000	1.75	15,000	
	iSpan International Inc.		"	600,000	8,880	6.12	8,880	
	Firstweb Limited.		"	236,000	33,040	3.58	33,040	
	<u>Preference shares</u>							
	Gemini Data, Inc.		Financial assets at FVTOCI - non-current	7,720,167	-	3.50	-	
	<u>Mutual funds</u>							
	Fuh Hwa Money Market Fund		Financial assets at FVTPL - current	6,482,562	95,062	-	95,062	
	Capital Money Market Fund		"	5,786,156	95,075	-	95,075	
	Taishin Ta Chong Money Market Fund		"	6,575,714	95,183	-	95,183	
	FSITC Money Market Fund		"	496,152	90,062	-	90,062	
	Fubon Chi-Hsiang Money Market Fund		"	5,014,039	80,003	-	80,003	
	UPAMC James Bond Money Market Fund		"	5,595,542	95,084	-	95,084	
	Jih Sun Money Market Fund		"	10,273,422	155,258	-	155,258	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Ching Pu Investment Corporation	<u>Ordinary shares</u>	Parent company	Financial assets at FVTOCI - non-current	10,981,476	\$ 865,340	4.03	\$ 865,340	(Note 2)
	System Corporation		Financial assets at FVTPL - non-current	1,177,629	-	6.57	-	
	Enova Technology Corp.		"	8,558,064	-	2.08	-	
	Princo Co., Ltd.		"	1,276,448	26,785	4.85	26,785	
	Sysjust Co., Ltd.		"	8,689	-	0.04	-	
	Jasper Display Corp.		"	64,063	-	0.37	-	
	Axtronics Inc.		"	111,829	-	0.22	-	
	Universal EC Inc.		"	326,000	-	0.54	-	
	Taiwan Electronic Packaging Co., Ltd.		"					
	<u>Mutual funds</u>							
	Fuh Hwa Legend Fund VI		Financial assets at FVTPL - current	3,000,000	71,429	-	71,429	
	PGIM Money Market Fund		"	2,234,907	36,005	-	36,005	
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund - TWD (A)		"	1,000,000	9,961	-	9,961	
	Pinebridge Taiwan Money Market Fund		"	581,717	8,077	-	8,077	
Subordinate company - Taiwan Electronic Data Processing Corporation	<u>Ordinary shares</u>		Financial assets at FVTPL - non-current	80,000	-	13.11	-	
	Changzhou Xinguotai Information Equipment Co., Ltd.		"	630,000	-	4.50	-	
	Taione International Ltd.		"	-	-	5.06	-	
Subordinate company - Golden Bridge Corporation	<u>Mutual funds</u>							
	FSITC Money Market Fund		Financial assets at FVTPL - current	289,726	52,591	-	52,591	
Subordinate company - Taifon Computer Co., Ltd.	<u>Mutual funds</u>							
	FSITC Money Market Fund		Financial assets at FVTPL - current	525,145	95,325	-	95,325	
	Taishin Ta-Chong Money Market Fund		"	2,798,735	40,512	-	40,512	
Subordinate company - Softmobile Technology Corporation	<u>Mutual funds</u>							
	Capital Money Market Fund		Financial assets at FVTPL - current	1,412,772	23,214	-	23,214	
Subordinate company - Nexsys Corporation	<u>Mutual funds</u>							
	Yuanta Wan Tai Money Market Fund		Financial assets at FVTPL - current	1,961,598	30,234	-	30,234	
	Jih Sun Money Market Fund		"	2,009,489	30,369	-	30,369	
	Yuanta De-Bao Money Market Fund		"	2,880,287	35,243	-	35,243	
	Yuanta De-Li Money Market Fund		"	5,574,867	92,631	-	92,631	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Hanmore Investment Corporation	<u>Ordinary shares</u>	Parent company	Financial assets at FVTOCI - non-current	21,316,678	\$ 1,679,754	7.83	\$ 1,679,754	(Note 2)
	System Corporation		Financial assets at FVTPL - non-current	1,196,371	10,248	4.68	10,248	
	Monterey International Corp.		"	1,840,046	-	9.87	-	
	Enova Technology Corp.		"	3,910,646	-	5.83	-	
	NITS Technology Inc.							
	<u>Mutual funds</u>							
Subordinate company - Systex Capital Group, Inc.	PineBridge Taiwan Market Fund	Parent company	Financial assets at FVTPL - current	1,523,444	21,153	-	21,153	(Note 2)
	PineBridge Global ESG Quantitative Bond Fund A.		"	968,720	8,653	-	8,653	
	<u>Ordinary shares</u>							
	Com2B Corp.		Financial assets at FVTPL - non-current	1,000,000	-	2.22	-	
	Techgains International Corp.		"	1,500,000	-	4.41	-	
	Tradetrek.com Inc.		"	1,109,468	-	3.30	-	
	Sipix Technology Limited		"	279,919	-	0.24	-	
	Falcon Stor Software Inc.		Financial assets at FVTPL - current	4,000	229	0.07	229	
	MagiCapital Fund II, L.P.		Financial assets at FVTOCI - non-current	-	154,138	2.91	154,138	
	<u>Preference shares</u>							
	Techgains Pan-Pacific Corporation		Financial assets at FVTPL - non-current	3,000,000	-	4.96	-	
	CipherMax		"	73,703	-	0.74	-	
	Tonbu Inc.		"	333,333	-	1.38	-	
	Gemini Data, Inc.		Financial assets at FVTOCI - non-current	25,611,876	45,683	16.11	45,683	
	<u>Other</u>							
	Current Ventures II Limited		Financial assets at FVTOCI - non-current	2,500,000	-	4.20	-	
	<u>Mutual funds</u>							
	First State Global umbrella PL China Growth Mutual Fund		Financial assets at FVTPL - current	1,929	11,404	-	11,404	
	GS Japan Equity Partners Portfolio Class P (ACC) (USD-HEDGED)		"	34,096	23,250	-	23,250	
	GS US Core SM Equity Portfolio P (ACC) (SNAP) Shares		"	45,451	39,686	-	39,686	
	GS GMS Global Equity Portfolio Mutual Fund		"	44,408	27,969	-	27,969	
	Wellington Strategic European Equity Portfolio D USD Acc (Hedged)		"	33,745	26,576	-	26,576	
	Unit Nomura Funds Ireland PLC A/US High Yield Bond		"	13,450	75,423	-	75,423	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Naturint Corporation	RBC Funds (LUX) Global Equity Focus Fund A USD ACC		Financial assets at FVTPL - current	5,470	\$ 29,729	-	\$ 29,729	
	GS Multi-manager US Equity Mutual Fund		"	28,786	26,046	-	26,046	
	Goldman Sachs High Yield Floating Rate Portfolio Fund		"	7,257	30,288	-	30,288	
	BLACKROCK BGF CONTINENTAL EUROPEAN FLEXIBLE FUND		"	22,116	14,400	-	14,400	
	GS Asia Equity Portfolio Fund		"	21,027	11,930	-	11,930	
	Goldman Sachs Tactical Tilt PF Mutual Fund		"	4,934	22,867	-	22,867	
	GS GLOBAL CREDIT PORTFOLIO (HEDGED) P (ACC) SHARES		"	29,844	15,270	-	15,270	
	PGIM GLOBAL CORPORATE BOND FUND A USD ACC		"	4,852	15,286	-	15,286	
	<u>Mutual funds</u>							
	Union Money Market Fund		Financial assets at FVTPL - current	998,873	13,437	-	13,437	
	<u>Ordinary shares</u>							
	Far Eastern Electronic Toll Collection Co., Ltd.		Financial assets at FVTPL - non-current	7,716,831	73,358	2.57	73,358	
	Jetwell Computer Co., Ltd.		Financial assets at FVTPL - current	72,000	4,486	0.18	4,486	
	GrandTech C.G. Systems Inc.		Financial assets at FVTOCI - non-current	600,000	41,100	0.97	41,100	
	<u>Preference shares</u>							
	Taiwania Capital Buffalo Fund Preference Shares - Class A		Financial assets at FVTPL - non-current	92,600,000	75,773	2.15	75,773	
	<u>Limited partnership</u>							
	Digital-Economy limited partnership		Financial assets at FVTPL - non-current	-	39,656	6.29	39,656	
	<u>Mutual funds</u>							
	Allianz Global Investors Taiwan Money Market Fund		Financial assets at FVTPL - current	5,453,661	69,648	-	69,648	
	Allianz Global Investors US Short Duration High Income Bond Fund		"	3,000,000	30,854	-	30,854	
	Fuh Hwa Legend Fund VI		"	19,702,970	469,128	-	469,128	
	Fuh Hwa Money Market Fund		"	3,429,207	50,287	-	50,287	
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund - TWD (A)		"	2,000,000	19,923	-	19,923	
	Yuanta Wan Tai Money Market Fund		"	729,523	11,244	-	11,244	
	<u>Corporate bond</u>							
	Nan Shan Life Insurance Company, Ltd. 1st Perpetual Unsecured Subordinate Corporate Bond Issue in 2016		Financial assets at amortized cost - non-current	-	503,394	-	503,394	(Note 3)

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Syslink Corporation	<u>Ordinary shares</u> Caloudi Corporation		Financial assets at FVTOCI - non-current	1,225,000	\$ 26,342	19.68	\$ 26,342	
	<u>Mutual funds</u> Yuanta Wan Tai Money Market Fund		Financial assets at FVTPL - current	145,905	2,249	-	2,249	
Subordinate company - Syswiser Technology Corporation	<u>Mutual funds</u> UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	654,135	11,116	-	11,116	
	TCB Money Market Fund		"	1,268,052	13,092	-	13,092	
Subordinate company - Smartsys Technology Corporation	<u>Mutual funds</u> UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	100,612	1,710	-	1,710	
Subordinate company - Top Information Co., Ltd.	<u>Mutual funds</u> Mega Diamond Money Market Fund		Financial assets at FVTPL - current	4,346,934	55,559	-	55,559	
	Taishin 1699 Money Market Fund		"	3,664,883	50,608	-	50,608	
Subordinate company - Kimo.com (BVI) Corporation	<u>Ordinary shares</u> ISHARES A50 (2823.HK)		Financial assets at FVTPL - current	392,000	22,079	-	22,079	
	CSOP A50 (2822.HK)		"	397,000	21,375	-	21,375	
	<u>Mutual funds</u> ALLIANZ INCOME AND GROWTH-CLASS AT ACC (USD)		Financial assets at FVTPL - current	41,771	26,982	-	26,982	
	ALLIANZ GLOBAL ARTIFICIAL INTELLIGENCE-CLASS AT ACC (USD)		"	15,768	9,278	-	9,278	
	ALLIANZ TOTAL RETURN ASIAN EQUITY-CLASS A DIS (USD)		"	10,167	10,338	-	10,338	
	ALLIANZ CHINA A SHARES SHS-AT (USD)		"	75,810	28,375	-	28,375	
	PIMCO GLOBAL HIGH YIELD BOND FUND ACCUM.SHS CLASS -E- RETAIL USD		"	87,870	61,523	-	61,523	
	<u>Other</u> New Economy Ventures L.P		Financial assets at FVTPL - non-current	-	76,567	14.73	76,567	
	<u>Preference shares</u> XREX Inc.		Financial assets at FVTOCI - non-current	254,148	1,860	0.96	1,860	
	<u>Ordinary shares</u> SMY Internet of Package Co., Ltd.		Financial assets at FVTOCI - non-current	234,568	15,716	19.00	15,716	
Subordinate company - Syslong Corporation	<u>Mutual funds</u> Fubon Chi-Hsiang Money Market Fund		Financial assets at FVTPL - current	14,836,860	236,732	-	236,732	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	March 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Systex Solutions Corporation	<u>Mutual funds</u>							
	FSITC Money Market Fund		Financial assets at FVTPL - current	165,718	\$ 30,081	-	\$ 30,081	
	Union Money Market Fund		"	756,723	10,179	-	10,179	
	SinoPac TWD Money Market Fund		"	2,123,112	30,076	-	30,076	
	Yuanta Wan-Tai Money Market Fund		"	1,305,844	20,127	-	20,127	
Subordinate company - MISYS Corporation	<u>Mutual funds</u>							
	TCB Taiwan Money Market Fund		Financial assets at FVTPL - current	5,845,685	60,355	-	60,355	
Subordinate company - Docutek Solutions, Inc.	<u>Mutual funds</u>							
	JPMorgan Funds - US Technology Fund A (ACC) - USD		Financial assets at FVTPL - current	906	1,847	-	1,847	
Subordinate company - Systex Software & Service Corporation	<u>Mutual funds</u>							
	SinoPac TWD Money Market Fund		Financial assets at FVTPL - current	6,708,282	95,029	-	95,029	
	Taishin Ta-Chong Money Market Fund		"	6,565,126	95,030	-	95,030	
	Mega Diamond Money Market Fund		"	7,434,886	95,027	-	95,027	
	Taishin 1699 Money Market Fund		"	6,893,649	95,194	-	95,194	
Subordinate company - Concord System Management Corporation	<u>Mutual funds</u>							
	UPAMC James Bond Money Market Fund		Financial assets at FVTPL - current	3,660,397	62,201	-	62,201	
Subordinate company - UniXecure Corporation	<u>Mutual funds</u>							
	Taishin 1699 Money Market Fund		Financial assets at FVTPL - current	6,525,238	90,107	-	90,107	
Subordinate company - Dawning Technology Inc.	<u>Mutual funds</u>							
	Union Money Market Fund		Financial assets at FVTPL - current	7,436,824	100,038	-	100,038	
	Yuanta Wan Tai Money Market Fund		"	6,490,598	100,040	-	100,040	
	Hua Nan Phoenix Money Market Fund		"	6,038,246	100,043	-	100,043	

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

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

Note 3: The carrying amount includes the unamortized bond premium of \$3,394 thousand generated from acquiring the bonds from the Corporation and Ching Pu Investment Corporation. In preparing the consolidated financial statements, the amount has been eliminated.

Note 4: Refer to Tables 8 and 9 for information on investment in subsidiaries and associates.

(Concluded)

TABLE 5

SYSTEX CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 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 1)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain on Disposal	Number of Shares	Amount (Note 1)
Controlling company - Systex Corporation	Mutual funds													
	CTBC Huaying Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	\$ -	30,838,018	\$ 345,000	30,838,018	\$ 345,283	\$ 345,000	\$ 283	-	\$ -
	Jih Sun Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	22,861,664	345,000	12,588,242	190,000	189,913	87	10,273,422	155,087

Note: The ending balances are measured at acquisition cost, excluding adjustment for fair value.

TABLE 6

SYSTEX CORPORATION AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 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 - Systex Corporation	Palsys Digital Technology Corporation	Subsidiary	Purchase	\$ 233,906	25	78 days after transaction month	\$ -	-	\$ (11,284)	1
Subordinate company - Palsys Digital Technology Corporation	Systex Corporation	Parent company	Sale	(233,906)	32	78 days after transaction month	-	-	11,284	3

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

TABLE 7

SYSTEX CORPORATION AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2023
(In Thousands of New Taiwan Dollars)**

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
0	Systex Corporation	Systex Software & Service Corporation	a	Sales	\$ 41,555	Net 78 days	1
		Systex Software & Service Corporation	a	Cost of goods sold	16,216	Net 78 days	-
		Systex Software & Service Corporation	a	Receivables from related parties	47,892	Net 78 days	-
		Systex Software & Service Corporation	a	Payables to related parties	17,226	Net 78 days	-
		Syspower Corporation	a	Sales	5,027	Net 78 days	-
		Syspower Corporation	a	Receivables from related parties	8,111	Net 78 days	-
		Concord System Management Corporation	a	Sales	20,776	Net 78 days	-
		Concord System Management Corporation	a	Receivables from related parties	25,388	Net 78 days	-
		Systex Solutions Corporation	a	Sales	3,995	Net 78 days	-
		Systex Solutions Corporation	a	Receivables from related parties	7,130	Net 78 days	-
		Softmobile Technology Corporation	a	Service cost	3,436	Net 78 days	-
		Softmobile Technology Corporation	a	Payables to related parties	5,398	Net 78 days	-
		Nexsys Corporation	a	Service cost	4,689	Net 78 days	-
		Nexsys Corporation	a	Receivables from related parties	3,790	Net 78 days	-
		Nexsys Corporation	a	Payables to related parties	6,588	Net 78 days	-
		Taifon Computer Co., Ltd.	a	Receivables from related parties	3,388	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Service cost	6,342	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Receivables from related parties	4,261	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Payables to related parties	7,269	Net 78 days	-
		Dawning Technology Inc.	a	Cost of goods sold	26,640	Net 78 days	-
		Dawning Technology Inc.	a	Payables to related parties	28,830	Net 78 days	-
		Naturint Corporation	a	Service cost	5,140	Net 78 days	-
		Naturint Corporation	a	Payables to related parties	5,397	Net 78 days	-
		Palsys Digital Technology Corporation	a	Cost of goods sold	233,906	Net 78 days	3
		Palsys Digital Technology Corporation	a	Receivables from related parties	4,159	Net 78 days	-
		Palsys Digital Technology Corporation	a	Payables to related parties	11,284	Net 78 days	-
		UniXecure Corporation	a	Receivables from related parties	12,394	Net 78 days	-
		UniXecure Corporation	a	Acquisition of property, plant and equipment and intangible assets	8,300	-	-
		Docutek Solutions, Inc.	a	Cost of goods sold	8,275	Net 78 days	-
		Docutek Solutions, Inc.	a	Payables to related parties	8,909	Net 78 days	-
		MISYS Corporation	a	Service cost	14,263	Net 78 days	-
		MISYS Corporation	a	Receivables from related parties	3,199	Net 78 days	-
		MISYS Corporation	a	Payables to related parties	14,976	Net 78 days	-

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
1	Systex Software & Service Corporation	Softmobile Technology Corporation	b	Service cost	\$ 2,616	Net 78 days	-
		Softmobile Technology Corporation	b	Payables to related parties	2,890	Net 78 days	-
		Dawning Technology Inc.	b	Cost of goods sold	2,508	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	4,763	Net 78 days	-
		Palsys Digital Technology Corporation	b	Payables to related parties	4,945	Net 78 days	-
		Systex Group (China) Ltd.	b	Sales	8,407	Net 90 days	-
		Systex Group (China) Ltd.	b	Receivables from related parties	19,361	Net 90 days	-
		Systex Rainbow Tech Inc.	b	Receivables from related parties	12,142	Net 90 days	-
2	Syspower Corporation	Systex Solutions Corporation	b	Payables to related parties	2,940	Net 78 days	-
		Palsys Digital Technology Corporation	b	Interest revenue	587	Short-term financing, with a term of one year	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	2,689	Net 78 days	-
		Palsys Digital Technology Corporation	b	Payables to related parties	2,067	Net 78 days	-
3	Concord System Management Corporation	Palsys Digital Technology Corporation	b	Cost of goods sold	73,572	Net 78 days	1
		Palsys Digital Technology Corporation	b	Service cost	5,507	Net 78 days	-
		Palsys Digital Technology Corporation	b	Payables to related parties	52,595	Net 78 days	-
		Docutek Solutions, Inc.	b	Cost of goods sold	2,443	Net 78 days	-
		Docutek Solutions, Inc.	b	Payables to related parties	2,565	Net 78 days	-
		Syslong Corporation	b	Interest expense	740	Short-term financing, with a term of one year	-
		Syslong Corporation	b	Payables from related parties (including interest payables)	151,249	Short-term financing, with a term of one year	1
		Smartsys Technology Corporation	b	Interest expense	593	Short-term financing, with a term of one year	-
		Smartsys Technology Corporation	b	Payables from related parties (including interest payables)	67,725	Short-term financing, with a term of one year	-
4	Systex Solutions Corporation	Dawning Technology Inc.	b	Cost of goods sold	4,257	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	5,165	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	3,541	Net 78 days	-
		Palsys Digital Technology Corporation	b	Payables to related parties	3,139	Net 78 days	-
		UniXecure Corporation	b	Service cost	2,074	Net 78 days	-
		UniXecure Corporation	b	Payables to related parties	9,045	Net 78 days	-
5	Taifon Computer Co., Ltd.	Dawning Technology Inc.	b	Cost of goods sold	6,503	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	6,896	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	5,495	Net 78 days	-
		Palsys Digital Technology Corporation	b	Payables to related parties	6,068	Net 78 days	-
6	Top Information Technologies Co., Ltd.	MISYS Corporation	b	Service cost	6,961	Net 78 days	-
		MISYS Corporation	b	Receivables from related parties	2,509	Net 78 days	-
		MISYS Corporation	b	Payables to related parties	7,310	Net 78 days	-
		MISYS Corporation	b	Acquisition of property, plant and equipment and intangible assets	2,020	-	-
7	Palsys Digital Technology Corporation	Syslink Corporation	b	Interest expense	149	Short-term financing, with a term of one year	-
		Syslink Corporation	b	Payables from related parties (including interest payables)	160,149	Short-term financing, with a term of one year	1

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets (Note 3)
8	Docutek Solutions, Inc.	Docutek Services Corporation Docutek Services Corporation	b b	Service cost	\$ 4,162	Net 78 days	-
				Payables to related parties	4,789	Net 78 days	-
9	Systex Group (China) Ltd.	Systex Rainbow Tech Inc.	b	Sales	8,755	Net 120 days	-
		Systex Rainbow Tech Inc.	b	Interest revenue	974	Short-term financing, with a term of one year	-
		Systex Rainbow Tech Inc.	b	Receivables from related parties (including interest receivables)	119,570	Short-term financing, with a term of one year	-
		Systex Rainbow Tech Inc.	b	Payables to related parties	2,179	Net 120 days	-
		Systek Information (Shanghai) Corporation	b	Interest revenue	133	Short-term financing, with a term of one year	-
		Systek Information (Shanghai) Corporation	b	Receivables from related parties (including interest receivables)	13,286	Short-term financing, with a term of one year	-
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Sales	7,499	Net 120 days	-
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Cost of goods sold	47,846	Net 120 days	1
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Receivables from related parties	29,525	Net 120 days	-
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Payables to related parties	16,385	Net 120 days	-
10	Sysware Shenglong Information Systems Corporation	Systek Information (Shanghai) Corporation	b	Interest revenue	436	Short-term financing, with a term of one year	-
		Systek Information (Shanghai) Corporation	b	Receivables from related parties (including interest receivables)	42,071	Short-term financing, with a term of one year	-
11	Systex Rainbow Tech Inc.	Systek Information (Shanghai) Corporation	b	Payables to related parties	2,207	Net 120 days	-
12	Systex Information (HK) Corporation	Rainbow Tech Information (HK) Corporation	b	Sales	75,712	Net 30 days	1
		Rainbow Tech Information (HK) Corporation	b	Receivables from related parties	46,371	Net 30 days	-

Note 1: The method of filling in the number:

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

Note 2: Categories of relationships:

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

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

For balance sheet accounts: Transaction amount ÷ Total consolidated assets

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

(Concluded)

TABLE 8

SYSTEX CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE THREE MONTHS ENDED MARCH 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 March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 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	\$ 3,662	\$ -	\$ -	-
	Hanmore Investment Corporation	Taiwan	General investment activities	47,125	47,125	9,640,680	48.92	19,699	(1,209)	(592)	Subsidiary (1, 3)
	Ching Pu Investment Corporation	Taiwan	General investment activities	30,775	50,472	23,437,500	100.00	413,653	45,013	45,187	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	440,575	27,205	27,396	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	45,638	(27,785)	(9,118)	-
	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	271,883	3,067	3,300	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	58,107	21,537	3,810	-
	Golden Bridge Corporation	Taiwan	General investment activities	230,000	230,000	23,000,000	100.00	273,518	10,542	8,697	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	915,532	118,670	119,330	Subsidiary (3)
	Syspower Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	15,195	15,195	1,096,200	4.50	23,076	18,095	862	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	298,085	13,963	14,457	Subsidiary (3)
	Nexsys Corporation	Taiwan	Manufacturing of wire communication equipment and apparatus, electronic parts and components, and computers and peripheral equipment, installation of computer, and wholesale and retailing of computer and business machinery equipment	290,500	290,500	13,996,500	70.00	277,949	12,269	8,693	Subsidiary (3)
	Systex Capital Group, Inc.	British Virgin Island	Investment activities including financial trust and holding	91,695	91,695	550	100.00	2,529,340	83,461	83,333	Subsidiary (3)
	Kimo.com (BVI) Corporation	British Virgin Island	Investment activities including financial trust and holding	13,185	13,185	500,000	100.00	4,209,435	87,599	87,626	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	20,304	(858)	(858)	Subsidiary (3)
	FinRobo Advisor Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment advisor	16,500	16,500	1,016,293	30.00	-	(320)	-	-
	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	11,595	1,109	488	-

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares	Ratio (%)	Carrying Amount			
Ching Pu Investment Corporation	Shengsen Cloud Technology Retail System Co.	Taiwan	Information software service	\$ 10,800	\$ 10,800	905,084	30.00	\$ 7,558	\$ (7,707)	\$ 4,053	-
		Taiwan	Manufacturing, processing, assembling and sale of business machinery equipment	24,000	24,000	780,000	30.00	28,627	6,593	1,978	-
	Frog-jump Information Co., Ltd.	Taiwan	Information software service	18,969	18,969	783,202	10.00	13,234	577	168	-
	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	-	(866)	-	-
	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	798,172	798,172	23,081,693	27.97	1,003,456	63,565	11,520	-
	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	93,468	1,785	1,579	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	71,381	(898)	(2,966)	-
	Taiwan Information Service Technology Corporation	Taiwan	Installation, sale, information software, data processing and other consultation on computer software and related equipment	89,965	89,965	16,630	67.38	39,818	2,050	1,381	Subsidiary (3)
	Collaboration Co., Ltd.	Taiwan	General investment activities	200,015	200,015	6,160,000	44.55	207,907	(188)	804	-
	UniXecure Corporation	Taiwan	Design, construction and sale of telecom instrument, electronic calculator and computer	150,000	50,000	15,000,000	100.00	116,401	(26,154)	(25,740)	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	294,300	38,802	20,149	Subsidiary (3)
	MISYS Corporation	Taiwan	Information software service	100,000	100,000	10,000,000	100.00	84,964	(14,771)	(14,773)	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	25,020	17	-	Subsidiary (3)
	Investment Media Ltd.	Taiwan	Magazine and book publishing	95,600	95,600	4,000,000	40.00	71,259	(3,658)	-	-
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	42.41	218,067	18,095	-	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	50,276	2,877	-	Subsidiary (3)

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares	Ratio (%)	Carrying Amount			
Syscore Corporation	Syslink Corporation	Taiwan	General investment activities	\$ 1,400,000	\$ 1,400,000	140,000,000	100.00	\$ 1,282,612	\$ 81,954	\$ -	Subsidiary (3)
	Syslong Corporation	Taiwan	General investment activities	250,000	250,000	25,000,000	100.00	252,477	716	-	Subsidiary (3)
	Neweb Information Co., Ltd.	Taiwan	Setup and maintenance of computer room, maintenance and setup of system integration, cloud system integration service, management and maintenance of system and database, backup storage service, setup and consultation of internet and information security	93,000	93,000	3,100,000	30.22	57,360	8,832	-	-
	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	26,127	3,102	-	-
	Genesis Technology Inc.	Taiwan	Wholesale of electronic apparatus, electronic equipment, computer and computer peripheral equipment, planning, analyzing and design of system, other data processing, co-location and internet hosting services	71,994	71,994	3,256,388	3.95	138,295	63,565	-	-
Syslink Corporation	Smartsys Technology Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	15,000	15,000	1,500,000	50.00	12,415	(215)	-	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	5,798	(589)	-	Subsidiary (3)
	Palsys Digital Technology Corporation	Taiwan	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	272,251	-	21,780,100	79.23	278,438	21,752	-	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	666,991	38,032	-	Subsidiary (3)
	AIWin Technology Co., Ltd.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	12,000	12,000	300,000	20.00	-	(2,799)	-	-
	CKmates International Co., Ltd.	Taiwan	Type II telecommunications business, internet certificates service, and retail sale of computer software	60,002	60,002	3,117,000	25.00	10,279	(6,720)	-	-
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	198,384	4,584	-	Subsidiary (3)
Kimo.com (BVI) Corporation	Systex Information (HK) Ltd.	Hong Kong	Sale of computer and peripheral equipment, retailing and processing of information of software	860,852	860,852	207,736,600	100.00	688,039	12,893	-	Subsidiary (3)
	Systex Solutions (HK) Limited	Hong Kong	Investment activities including financial trust and holding	316,050	316,050	10,400,000	100.00	339,798	3,419	-	Subsidiary (3)
	Rainbow Tech Information (HK) Ltd.	Hong Kong	Sale of computer and peripheral equipment, retailing and processing of information of software	58,384	58,384	14,607,765	49.00	59,178	(2,290)	-	Subsidiary (3)
	Syscore Corporation	Taiwan	General investment activities	1,600,000	1,600,000	160,000,000	55.17	1,829,606	141,228	-	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	23,301	(249)	-	Subsidiary (3)

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2023	December 31, 2022	Number of Shares	Ratio (%)	Carrying Amount			
	QFPay Haojin FinTech Limited	Hong Kong	Online and offline mobile payment, one-stop smart collection and trade, Information Technology Services	\$ 95,574	\$ 95,574	45,834	22.92	\$ 91,024	\$ -	\$ -	-
	Aillumission Co., Ltd.	Japan	Mobile Network Construction, ICT infrastructure Construction, DX/ICT solution services, AI consultations	106,435	106,435	200	20.00	111,828	298	-	-
System Capital Group Inc.	Syscore Corporation	Taiwan	General investment activities	1,300,000	1,300,000	130,000,000	44.83	1,486,555	141,228	-	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	10,792	(12,128)	-	-
Syspower Corporation	Palsys Digital Technology Corporation	Taiwan	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	71	193,500	8,000	0.03	102	21,752	-	Subsidiary (3)
System Software & Service Corporation	Smartsys Technology Corporation	Taiwan	Design, setup 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	12,415	(215)	-	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	47,244	(948)	-	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	44,730	(813)	-	Subsidiary (3)

Note 1: The carrying amount deducts the reclassification of the Corporation’s shares held by the subsidiary from equity-method investments into treasury share of \$515,617 thousand, which is calculated by the investment cost amounting to \$1,076,171 thousand at 48.92% (the ownership percentage owned by the Corporation).

Note 2: The carrying amount deducts the reclassification of the Corporation’s shares held by the subsidiary from equity-method investments into treasury share of \$412,826 thousand, which is calculated by the investment cost amounting to \$412,826 thousand at 100.00% (the ownership percentage owned by the Corporation).

Note 3: In preparing the consolidated financial statements, the transaction has been eliminated.

Note 4: Refer to Table 9 for information on investments in Mainland China.

(Concluded)

TABLE 9

SYSTEX CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 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 March 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2023	Accumulated Repatriation of Investment Income as of March 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	998,503	b	998,503	-	-	998,503	(10,591)	100.00	(10,591)	433,774	-	Subsidiary (Note 2)
Sysware Shenglong Information Systems Co., Ltd.	Design of computer system, information processing service provider, retailing of computer and peripheral equipment	181,489	b	181,489	-	-	181,489	(3,035)	100.00	(3,035)	56,031	-	Subsidiary (Note 2)
Systex Group (China) Ltd.	Management consultation, marketing and sale, and capital and operation financial management	292,700	c	292,700	-	-	292,700	(3,755)	100.00	(3,755)	100,244	-	Subsidiary (Note 2)
Systex Rainbow Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	d	-	-	-	-	(6,592)	100.00	(6,592)	295,067	-	Subsidiary (Note 2)
Systex Ucom (Shanghai) Information Ltd. Co.	Software design and data processing, retailing and service of software	-	f	-	-	-	-	(2,959)	100.00	(2,959)	37,772	-	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	c	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	e	-	-	-	-	(298)	29.62	-	-	-	-
Systex Rainbow (Shanghai) Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	g	-	-	-	-	-	100.00	-	3,315	-	Subsidiary (Notes 2 and 3)

Accumulated Investment in Mainland China as of March 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$1,695,956	\$1,695,956	\$8,712,742

(Continued)

Note 1: The methods of investment are as follows:

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

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

(Concluded)

TABLE 10**SYSTEX CORPORATION AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS****MARCH 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Hanmore Investment Corporation (Hanmore)	21,316,678	7.82
Joray Co., Ltd.	21,072,559	7.73

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.