

# **Systemx Corporation and Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 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 September 30, 2023 and 2022, and the related consolidated statements of comprehensive income for the three months ended September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (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 September 30, 2023 and 2022, combined total assets of these subsidiaries were \$8,535,676 thousand and \$8,363,678 thousand, representing 29.20% and 29.07%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$4,065,362 thousand and \$4,377,393 thousand, representing 28.13% and 30.27%, respectively, of the consolidated total liabilities. For the three months ended September 30, 2023 and 2022, and for the nine months ended September 30, 2023 and 2022, the amounts of combined total comprehensive income of these subsidiaries were \$154,447 thousand, \$82,770 thousand, \$418,831 thousand and \$233,789 thousand, respectively, representing 34.03%, 15.52%, 29.29% and 17.45%, respectively, of the consolidated total comprehensive income. In addition, as disclosed in Note 14 to the consolidated financial statements, as of September 30, 2023 and 2022, investments accounted for using the equity method of the Group were \$1,968,902 thousand and \$1,946,463 thousand, respectively; for the three months ended September 30, 2023 and 2022 and

for the nine months ended September 30, 2023 and 2022, the amounts of the share in total comprehensive income recognized were \$15,862 thousand, \$17,007 thousand, \$92,883 thousand and \$33,966 thousand, respectively; such amounts were based on the investees' unreviewed financial statements for the same reporting periods. The related information on investments in subsidiaries and associates stated above, as shown in Note 36 to the consolidated financial statements, was also unreviewed.

### **Qualified Conclusion**

Based on our reviews, except for adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2023 and 2022, its consolidated financial performance for the three months ended September 30, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2023 and 2022 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

November 1, 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)

	September 30, 2023		December 31, 2022		September 30, 2022	
ASSETS	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 5,687,493	20	\$ 4,331,378	14	\$ 4,478,618	16
Financial assets at fair value through profit or loss - current (Note 7)	593,603	2	3,558,493	12	2,167,742	8
Financial assets at amortized cost - current (Note 9)	900,690	3	-	-	-	-
Notes receivable, net (Notes 11 and 21)	98,446	1	169,558	1	85,218	-
Accounts receivable, net (Notes 11, 21 and 30)	5,500,972	19	6,176,067	21	5,623,155	20
Other receivables	84,788	-	113,535	-	80,865	-
Inventories (Note 12)	5,261,924	18	4,793,534	16	5,096,710	18
Prepayments	1,812,289	6	1,689,672	6	2,138,109	7
Other financial assets - current (Notes 31 and 32)	344,660	1	474,863	2	390,476	1
Refundable deposits - current	355,340	1	400,715	1	362,646	1
Other current assets (Note 30)	88,675	-	45,310	-	76,700	-
Total current assets	20,728,880	71	21,753,125	73	20,500,239	71
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	2,067,686	7	2,040,928	7	1,946,472	7
Financial assets at fair value through other comprehensive income - non-current (Note 8)	353,539	1	342,633	1	520,542	2
Financial assets at amortized cost - non-current (Notes 9 and 10)	500,000	2	500,000	2	500,000	2
Investments accounted for using equity method (Note 14)	1,968,902	7	1,963,914	7	1,946,463	7
Property, plant and equipment (Notes 15 and 31)	2,208,440	7	2,212,298	7	2,225,965	8
Right-of-use assets (Note 16)	464,520	2	325,968	1	336,888	1
Intangible assets	299,377	1	329,033	1	331,272	1
Deferred tax assets	58,350	-	62,776	-	62,368	-
Refundable deposits - non-current	306,930	1	231,197	1	243,381	1
Long-term receivables (Note 11)	4,294	-	7,154	-	8,005	-
Other financial assets - non-current (Notes 31 and 32)	102,772	-	86,508	-	105,585	-
Other non-current assets (Note 30)	172,537	1	44,209	-	40,564	-
Total non-current assets	8,507,347	29	8,146,618	27	8,267,505	29
TOTAL	\$ 29,236,227	100	\$ 29,899,743	100	\$ 28,767,744	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Notes 17 and 31)	\$ 2,287,689	8	\$ 1,850,314	6	\$ 2,612,986	9
Contract liabilities (Note 21)	1,728,844	6	2,438,375	8	1,918,099	7
Notes and accounts payable	4,992,598	17	5,169,823	17	4,718,153	16
Payables to related parties (Note 30)	17,149	-	23,873	-	17,732	-
Other payables (Note 30)	1,159,073	4	1,663,560	6	1,016,744	4
Current tax liabilities (Note 4)	200,931	1	175,744	1	139,454	-
Lease liabilities - current (Note 16)	175,797	-	138,424	1	141,136	1
Current portion of long-term borrowings (Notes 17 and 31)	10,068	-	10,120	-	9,822	-
Other current liabilities	371,487	1	386,096	1	380,839	1
Total current liabilities	10,943,636	37	11,856,329	40	10,954,965	38
NON-CURRENT LIABILITIES						
Bonds payable (Note 18)	2,996,328	10	2,995,420	10	2,995,118	10
Long-term borrowings (Notes 17 and 31)	97,058	-	104,527	-	107,352	-
Deferred tax liabilities	6,915	-	6,859	-	8,339	-
Lease liabilities - non-current (Note 16)	296,202	1	194,150	1	201,595	1
Net defined benefit liabilities - non-current (Note 4)	103,111	1	129,055	-	187,042	1
Other non-current liabilities	7,590	-	5,594	-	5,597	-
Total non-current liabilities	3,507,204	12	3,435,605	11	3,505,043	12
Total liabilities	14,450,840	49	15,291,934	51	14,460,008	50
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 20 and 25)						
Share capital	2,723,033	9	2,723,333	9	2,723,933	9
Capital surplus	6,967,728	24	6,874,231	23	6,877,137	24
Retained earnings						
Legal reserve	1,691,083	6	1,576,153	5	1,576,153	5
Special reserve	308,123	1	729,124	3	729,124	3
Unappropriated earnings	3,728,433	13	3,573,220	12	3,200,659	11
Total retained earnings	5,727,639	20	5,878,497	20	5,505,936	19
Other equity	(244,076)	(1)	(479,457)	(2)	(415,980)	(1)
Treasury shares	(928,443)	(3)	(928,443)	(3)	(928,443)	(3)
Total equity attributable to owners of the Corporation	14,245,881	49	14,068,161	47	13,762,583	48
NON-CONTROLLING INTERESTS (Notes 20 and 27)	539,506	2	539,648	2	545,153	2
Total equity	14,785,387	51	14,607,809	49	14,307,736	50
TOTAL	\$ 29,236,227	100	\$ 29,899,743	100	\$ 28,767,744	100

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

(With Deloitte & Touche auditors' review report dated November 1, 2023)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 30)								
Sales	\$ 6,480,211	78	\$ 6,873,462	79	\$ 19,553,280	79	\$ 19,026,051	79
Less: Sales returns and allowances	21,584	-	12,620	-	38,411	-	58,423	-
Net sales	6,458,627	78	6,860,842	79	19,514,869	79	18,967,628	79
Service revenue	1,822,261	22	1,667,833	21	5,272,005	21	4,938,102	21
Other operating revenue	18,604	-	17,879	-	72,757	-	51,917	-
Total operating revenue	8,299,492	100	8,546,554	100	24,859,631	100	23,957,647	100
OPERATING COSTS (Notes 12, 22 and 30)								
Cost of goods sold	5,653,717	69	5,998,161	69	16,797,572	68	16,460,727	69
Service costs	755,381	9	710,652	9	2,321,970	9	2,196,769	9
Other operating costs	5,611	-	3,316	-	12,302	-	7,389	-
Total operating costs	6,414,709	78	6,712,129	78	19,131,844	77	18,664,885	78
GROSS PROFIT	1,884,783	22	1,834,425	22	5,727,787	23	5,292,762	22
OPERATING EXPENSES (Notes 11, 19, 22, 25 and 30)								
Selling expenses	1,225,934	15	1,256,985	14	3,673,412	15	3,436,922	14
General and administrative expenses	163,792	2	154,186	2	488,747	2	448,278	2
Research and development expenses	181,748	2	136,827	1	415,705	2	398,513	1
Expected credit loss (gain)	10,972	-	1,732	-	13,550	-	(12,040)	-
Total operating expenses	1,582,446	19	1,549,730	17	4,591,414	19	4,271,673	17
PROFIT FROM OPERATIONS	302,337	3	284,695	5	1,136,373	4	1,021,089	5
NON-OPERATING INCOME AND EXPENSES								
Share of profit of associates (Note 14)	28,119	1	18,629	-	65,053	-	20,194	-
Interest income	26,282	-	7,003	-	67,083	1	19,774	-
Dividend income	2,186	-	20,161	-	62,202	-	66,013	-
Other income, net	9,720	-	6,660	-	28,189	-	54,596	-
Gain on disposal of investments, net (Note 22)	7,038	-	-	-	16,225	-	-	-
Foreign exchange (loss) gain, net (Note 34)	(373)	-	16,078	-	(3,700)	-	20,833	-
Gain (loss) on financial assets at fair value through profit or loss, net	99,665	1	68,661	-	299,835	1	(109,048)	-
Interest expense	(22,977)	-	(22,800)	-	(61,785)	-	(58,153)	-
Other expenses	(8,947)	-	(2,413)	-	(19,518)	-	(9,540)	-
(Loss) gain on disposal of property, plant and equipment, net	(1,451)	-	1,003	-	(3,912)	-	3,041	-
Loss on disposal of intangible assets	-	-	(6,817)	-	-	-	(6,817)	-
Total non-operating income and expenses	139,262	2	106,165	-	449,672	2	893	-

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# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	\$ 441,599	5	\$ 390,860	5	\$ 1,586,045	6	\$ 1,021,982	5
INCOME TAX EXPENSE (Notes 4 and 23)	<u>87,975</u>	<u>1</u>	<u>61,952</u>	<u>1</u>	<u>302,425</u>	<u>1</u>	<u>212,512</u>	<u>1</u>
NET INCOME	<u>353,624</u>	<u>4</u>	<u>328,908</u>	<u>4</u>	<u>1,283,620</u>	<u>5</u>	<u>809,470</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX (Note 20)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on equity instruments at fair value through other comprehensive income	(23,957)	(1)	(27,881)	-	(27,343)	-	20,246	-
Share of the other comprehensive (loss) income of associates accounted for using the equity method	<u>(16,290)</u>	<u>-</u>	<u>(12,541)</u>	<u>-</u>	<u>32,431</u>	<u>-</u>	<u>(2,108)</u>	<u>-</u>
	<u>(40,247)</u>	<u>(1)</u>	<u>(40,422)</u>	<u>-</u>	<u>5,088</u>	<u>-</u>	<u>18,138</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of foreign operations	136,438	2	233,932	2	146,082	1	495,926	2
Share of the other comprehensive income (loss) of associates accounted for using the equity method	<u>4,033</u>	<u>-</u>	<u>10,919</u>	<u>-</u>	<u>(4,601)</u>	<u>-</u>	<u>15,880</u>	<u>-</u>
	<u>140,471</u>	<u>2</u>	<u>244,851</u>	<u>2</u>	<u>141,481</u>	<u>1</u>	<u>511,806</u>	<u>2</u>
Other comprehensive income for the period, net of income tax	<u>100,224</u>	<u>1</u>	<u>204,429</u>	<u>2</u>	<u>146,569</u>	<u>1</u>	<u>529,944</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 453,848</u>	<u>5</u>	<u>\$ 533,337</u>	<u>6</u>	<u>\$ 1,430,189</u>	<u>6</u>	<u>\$ 1,339,414</u>	<u>6</u>
NET INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 337,046	4	\$ 313,729	3	\$ 1,218,745	5	\$ 784,485	3
Non-controlling interests	<u>16,578</u>	<u>-</u>	<u>15,179</u>	<u>-</u>	<u>64,875</u>	<u>-</u>	<u>24,985</u>	<u>-</u>
	<u>\$ 353,624</u>	<u>4</u>	<u>\$ 328,908</u>	<u>3</u>	<u>\$ 1,283,620</u>	<u>5</u>	<u>\$ 809,470</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	\$ 434,723	5	\$ 513,875	6	\$ 1,362,185	6	\$ 1,306,031	6
Non-controlling interests	<u>19,125</u>	<u>-</u>	<u>19,462</u>	<u>-</u>	<u>68,004</u>	<u>-</u>	<u>33,383</u>	<u>-</u>
	<u>\$ 453,848</u>	<u>5</u>	<u>\$ 533,337</u>	<u>6</u>	<u>\$ 1,430,189</u>	<u>6</u>	<u>\$ 1,339,414</u>	<u>6</u>

(Continued)

## SYSTEX CORPORATION AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2023		2022		2023		2022	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE								
(Note 24)								
Basic	<u>\$ 1.36</u>		<u>\$ 1.26</u>		<u>\$ 4.91</u>		<u>\$ 3.16</u>	
Diluted	<u>\$ 1.36</u>		<u>\$ 1.26</u>		<u>\$ 4.90</u>		<u>\$ 3.16</u>	

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

(With Deloitte & Touche auditors' review report dated November 1, 2023)

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation												
	Retained Earnings						Other Equity						
							Exchange Differences on Translation of Foreign Operations	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
Appropriation of 2021 earnings													
Legal reserve	-	-	118,903	-	(118,903)	-	-	-	-	-	-	-	-
Cash dividends - NT\$4.2 per share	-	-	-	-	(1,131,452)	(1,131,452)	-	-	-	-	(1,131,452)	-	(1,131,452)
Reversal of special reserve	-	-	-	(39,587)	39,587	-	-	-	-	-	-	-	-
Share of changes in associates accounted for using the equity method	-	1,164	-	-	-	-	-	-	-	-	1,164	-	1,164
Distribution in cash of the capital surplus - NT\$0.8 per share	-	(215,515)	-	-	-	-	-	-	-	-	(215,515)	-	(215,515)
Net profit for the nine months ended September 30, 2022	-	-	-	-	784,485	784,485	-	-	-	-	784,485	24,985	809,470
Other comprehensive income for the nine months ended September 30, 2022	-	-	-	-	219	219	503,408	17,919	-	-	521,546	8,398	529,944
Total comprehensive income for the nine months ended September 30, 2022	-	-	-	-	784,704	784,704	503,408	17,919	-	-	1,306,031	33,383	1,339,414
Share-based payment transaction - restricted shares for employees	30,000	189,300	-	-	-	-	-	-	(208,183)	-	11,117	-	11,117
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049	-	107,049
Differences between equity purchase price and carrying amount arising from actual acquisition or disposal of subsidiaries	-	192,656	-	-	(7,968)	(7,968)	-	-	-	-	184,688	45,937	230,625
Share of changes in equities of subsidiaries	-	(3,838)	-	-	-	-	-	-	-	-	(3,838)	3,838	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	154,167	154,167
BALANCE AT SEPTEMBER 30, 2022	\$ 2,723,933	\$ 6,877,137	\$ 1,576,153	\$ 729,124	\$ 3,200,659	\$ 5,505,936	\$ (188,608)	\$ (19,189)	\$ (208,183)	\$ (928,443)	\$ 13,762,583	\$ 545,153	\$ 14,307,736
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
Appropriation of 2022 earnings													
Legal reserve	-	-	114,930	-	(114,930)	-	-	-	-	-	-	-	-
Cash dividends - NT\$5 per share	-	-	-	-	(1,361,517)	(1,361,517)	-	-	-	-	(1,361,517)	-	(1,361,517)
Reversal of special reserve	-	-	-	(421,001)	421,001	-	-	-	-	-	-	-	-
Share of changes in associates accounted for using the equity method	-	(1,336)	-	-	(9,097)	(9,097)	-	-	-	-	(10,433)	-	(10,433)
Net profit for the nine months ended September 30, 2023	-	-	-	-	1,218,745	1,218,745	-	-	-	-	1,218,745	64,875	1,283,620
Other comprehensive income for the nine months ended September 30, 2023	-	-	-	-	951	951	138,352	4,137	-	-	143,440	3,129	146,569
Total comprehensive income for the nine months ended September 30, 2023	-	-	-	-	1,219,696	1,219,696	138,352	4,137	-	-	1,362,185	68,004	1,430,189
Share-based payment transaction - restricted shares for employees	-	(705)	-	-	-	-	-	-	90,759	-	90,054	705	90,759
Cash dividends received by subsidiaries from the Corporation	-	107,049	-	-	-	-	-	-	-	-	107,049	-	107,049
Share of changes in equities of subsidiaries	-	(9,618)	-	-	-	-	-	-	-	-	(9,618)	(20,192)	(29,810)
Share-based payment transaction - cancellation of restricted shares for employees	(300)	(1,893)	-	-	-	-	-	-	2,193	-	-	-	-
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(48,659)	(48,659)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	60	60	-	(60)	-	-	-	-	-
BALANCE AT SEPTEMBER 30, 2023	\$ 2,723,033	\$ 6,967,728	\$ 1,691,083	\$ 308,123	\$ 3,728,433	\$ 5,727,639	\$ (133,771)	\$ (31,923)	\$ (78,382)	\$ (928,443)	\$ 14,245,881	\$ 539,506	\$ 14,785,387

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

(With Deloitte & Touche auditors' review report dated November 1, 2023)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,586,045	\$ 1,021,982
Adjustments for:		
Depreciation expense	263,912	239,663
Amortization expense	46,397	29,216
Expected credit loss recognized (reversed)	13,550	(12,040)
(Gain) loss on financial assets at fair value through profit or loss, net	(299,835)	109,048
Interest expense	61,785	58,153
Interest income	(67,083)	(19,774)
Dividend income	(62,202)	(66,013)
Compensation costs of share-based payment	90,759	11,117
Share of profit of associates	(65,054)	(20,194)
Loss (gain) on disposal of property, plant and equipment, net	3,912	(3,041)
Loss on disposal of intangible assets	-	6,817
Gain on disposal of associates	(16,225)	-
Write-down (reversal of write-down) of inventories	1,812	(15,103)
Unrealized gain on foreign currency exchange, net	-	(838)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	3,253,413	2,151,482
Notes receivable	71,551	11,623
Accounts receivable	702,188	(529,165)
Other receivables	33,975	19,304
Inventories	(497,336)	(1,783,088)
Prepayments	(116,345)	(307,421)
Other current assets	(42,857)	(29,432)
Contract liabilities	(709,644)	225,174
Notes and accounts payable	(202,481)	209,936
Payables to related parties	(6,724)	(4,044)
Other payables	(513,928)	(514,219)
Other current liabilities	(17,952)	17,160
Net defined benefit liabilities	(25,945)	(62,413)
Cash generated from operations	3,485,688	743,890
Interest paid	(60,351)	(56,949)
Income tax paid	(276,318)	(203,500)
Net cash generated from operating activities	<u>3,149,019</u>	<u>483,441</u>

(Continued)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2023	2022
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of financial assets at fair value through other comprehensive income	\$ (11,581)	\$ (236,643)
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	3,720	73,211
Acquisition of financial assets at amortized cost	(887,524)	-
Acquisition of investments accounted for using equity method	(49,375)	(196,037)
Proceeds from disposal of investments accounted for using equity method	34,562	-
Net cash outflow on acquisition of subsidiaries (Note 26)	-	(66,196)
Payments for property, plant and equipment	(82,085)	(173,179)
Proceeds from disposal of property, plant and equipment	496	23,261
(Increase) decrease in refundable deposits	(30,252)	40,423
Payments for intangible assets	(12,395)	(81,107)
Proceeds from disposal of intangible assets	-	682
Decrease in long-term receivables	2,860	4,901
Decrease (increase) in pledged time deposits	113,939	(111,481)
(Increase) decrease in other non-current assets	(131,193)	18,760
Interest received	69,277	23,935
Dividends received	62,202	66,013
Dividends received from associates	83,605	52,482
Net cash used in investing activities	<u>(832,638)</u>	<u>(560,975)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	425,543	1,271,699
Repayments of long-term borrowings	(7,521)	(5,088)
Increase in guarantee deposits received	1,926	158
Repayment of the principal portion of lease liabilities	(143,081)	(129,134)
Dividends paid	(1,361,517)	(1,131,452)
Acquisition of interests in subsidiaries	(29,002)	(68,400)
Partial disposal of interests in subsidiaries without a loss of control	-	299,025
Changes in non-controlling interests	(48,659)	41,396
Cash dividends received by subsidiaries from the Corporation	107,049	107,049
Distribution in cash from capital surplus	-	(215,515)
Other financing activities (Note 13)	<u>(817)</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(1,056,079)</u>	<u>169,738</u>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>95,813</u>	<u>318,160</u>

(Continued)

# SYSTEX CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

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	For the Nine Months Ended September 30	
	2023	2022
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,356,115	\$ 410,364
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>\$ 5,687,493</u>	<u>\$ 4,478,618</u>

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

(With Deloitte & Touche auditors' review report dated November 1, 2023)

(Concluded)

# SYSTEX CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on November 1, 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 endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above 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.

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

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

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

<b>New, Amended or Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of 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 are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

c. Basis of consolidation

See Note 13, Table 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

	September 30, 2023	December 31, 2022	September 30, 2022
Cash on hand	\$ 451	\$ 714	\$ 752
Checking accounts and demand deposits	5,622,502	3,590,352	4,033,366
Cash equivalents			
Time deposits with original maturities of less than 3 months	<u>64,540</u>	<u>740,312</u>	<u>444,500</u>
	<u>\$ 5,687,493</u>	<u>\$ 4,331,378</u>	<u>\$ 4,478,618</u>

(Continued)

	September 30, 2023	December 31, 2022	September 30, 2022
Interest rate interval			
Time deposits with original maturities of less than 3 months	5.00%-5.15%	3.78%-5.05%	3.00% (Concluded)

## 7. FINANCIAL ASSETS AT FVTPL

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Financial assets mandatorily classified as at FVTPL			
Mutual funds	\$ 543,684	\$ 3,346,134	\$ 1,961,610
Listed shares	46,319	212,359	206,132
Unlisted shares	<u>3,600</u>	<u>-</u>	<u>-</u>
	<u>\$ 593,603</u>	<u>\$ 3,558,493</u>	<u>\$ 2,167,742</u>
<u>Non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Unlisted shares	\$ 1,879,148	\$ 1,840,404	\$ 1,740,370
Unlisted preferred shares	73,987	85,734	88,324
Others	<u>114,551</u>	<u>114,790</u>	<u>117,778</u>
	<u>\$ 2,067,686</u>	<u>\$ 2,040,928</u>	<u>\$ 1,946,472</u>

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

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in equity instruments			
Unlisted shares	\$ 262,285	\$ 252,335	\$ 203,073
Unlisted preferred shares	50,034	57,121	258,414
Listed shares	<u>41,220</u>	<u>33,177</u>	<u>59,055</u>
	<u>\$ 353,539</u>	<u>\$ 342,633</u>	<u>\$ 520,542</u>

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

For the nine months ended September 30, 2023, the Group sold part of investments 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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Current</u>			
Time deposits with original maturities of more than 3 months	\$ 900,690	\$ -	\$ -
Range of interest rates per annum	5.00%-5.15%	-	-
<u>Non-current</u>			
Domestic corporate bonds	\$ 500,000	\$ 500,000	\$ 500,000
Interest rate	3.5%	3.5%	3.5%

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

Investments in debt instruments were classified as at amortized cost.

	September 30, 2023	December 31, 2022	September 30, 2022
Gross carrying amount	\$ 500,000	\$ 500,000	\$ 500,000
Less: Allowance for impairment loss	-	-	-
Amortized cost	\$ 500,000	\$ 500,000	\$ 500,000

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

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

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount at		
				September 30, 2023	December 31, 2022	September 30, 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

	September 30, 2023	December 31, 2022	September 30, 2022
Notes receivable	\$ 98,618	\$ 169,730	\$ 85,449
Less: Allowance for doubtful accounts	<u>(172)</u>	<u>(172)</u>	<u>(231)</u>
	<u>\$ 98,446</u>	<u>\$ 169,558</u>	<u>\$ 85,218</u>
Accounts receivable	\$ 5,584,915	\$ 6,413,005	\$ 5,858,770
Less: Allowance for doubtful accounts	<u>(83,943)</u>	<u>(236,938)</u>	<u>(235,615)</u>
	<u>\$ 5,500,972</u>	<u>\$ 6,176,067</u>	<u>\$ 5,623,155</u>
Long-term receivables	\$ 4,435	\$ 7,516	\$ 8,425
Less: Unrealized interest income	<u>(141)</u>	<u>(362)</u>	<u>(420)</u>
	<u>\$ 4,294</u>	<u>\$ 7,154</u>	<u>\$ 8,005</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.

## September 30, 2023

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 270 Days	Over 271 Days	Total
Gross carrying amount	\$ 4,800,479	\$ 593,179	\$ 107,907	\$ 93,489	\$ 88,479	\$ 5,683,533
Loss allowance (Lifetime ECL)	<u>(1,204)</u>	<u>(4,708)</u>	<u>(9,627)</u>	<u>(4,464)</u>	<u>(64,112)</u>	<u>(84,115)</u>
Amortized cost	<u>\$ 4,799,275</u>	<u>\$ 588,471</u>	<u>\$ 98,280</u>	<u>\$ 89,025</u>	<u>\$ 24,367</u>	<u>\$ 5,599,418</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>

September 30, 2022

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

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

	For the Nine Months Ended September 30	
	2023	2022
Balance at January 1	\$ 237,110	\$ 210,417
Provision (reversal) of loss allowance	13,550	(12,040)
Acquisition of subsidiaries	-	32,084
Amount written off	(167,426)	(462)
Foreign exchange	<u>881</u>	<u>5,847</u>
Balance at September 30	<u>\$ 84,115</u>	<u>\$ 235,846</u>

## 12. INVENTORIES

	September 30, 2023	December 31, 2022	September 30, 2022
Merchandise	\$ 5,234,928	\$ 4,764,848	\$ 5,067,946
Maintenance parts	<u>26,996</u>	<u>28,686</u>	<u>28,764</u>
	<u>\$ 5,261,924</u>	<u>\$ 4,793,534</u>	<u>\$ 5,096,710</u>

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Reversal of (write-down of) inventory (recognized as cost of goods sold)	<u>\$ (1,147)</u>	<u>\$ 2,189</u>	<u>\$ (1,812)</u>	<u>\$ 15,103</u>

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

## 13. SUBSIDIARIES

### Subsidiaries Included in the Consolidated Financial Statements

Investor	Investee	Main Business	% of Ownership			Remark
			September 30, 2023	December 31, 2022	September 30, 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	Systex 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	Systex 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	87.32	84.07	84.07	b
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	70.00	c
The Corporation	Systex Solutions Corporation (Systex Solutions)	Design, construction and sale of telecom instrument, electronic calculator and computer	100.00	100.00	100.00	
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 Corporation (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	54.92	d
The Corporation	MISYS Corporation (MISYS)	Information software service	100.00	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	f
CSMC	Top Information Technologies Co., Ltd. (Top Information)	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	100.00	100.00	100.00	
Docutek Solutions	ANSecurity Inc. (ANSecurity)	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	100.00	100.00	100.00	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	100.00	d
Kimo BVI	Systex Information (HK) Limited (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) Ltd. (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) Limited (SSHK)	Investment activities including financial trust and holding	100.00	100.00	100.00	

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			September 30, 2023	December 31, 2022	September 30, 2022	
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 and the Corporation	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	91.60	i
Syslink and Syspower	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	79.26	j
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	
Systex China and 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	k
Systex China	Systex Ucom (Shanghai) Information Co., Ltd. (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	l

(Concluded)

- a. 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.
- b. Syspower agreed with certain shareholders to buy back its shares in April 2023, which increased the Group's interest in Syspower to 87.32%.
- c. The Corporation disposed of 30% of interest in Nexsys in May 2022 and decreased its interest in Nexsys to 70%.
- d. 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.
- e. MISYS was incorporated in September 2022.
- f. TEDP has been under dissolution and liquidation processes after the approval of shareholders in their meeting in December 2020.
- g. Kimo BVI holds 49% interest in RTIHK. Since the Group is considered to have the practical ability to direct the relevant activities of RTIHK, RTIHK is identified as a subsidiary. Kimo BVI prepaid \$56,215 thousand to purchase 51% interest in Systex Rainbow from non-controlling interests in September 2023. Since the registration process of transfer of share was not complete as of September 30, 2023, the prepayment was included in other non-current assets accordingly.
- 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 common control, no gains or losses were recognized, and the transaction cost of \$536 thousand was adjusted to reduce the related capital surplus.

- j. 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 79.26% interest in Palsys to Syslink in March and April 2023; since the transaction was under common control, no gains or losses were recognized, and the transaction cost of \$817 thousand was adjusted to reduce the related capital surplus.
- k. In September 2023, Systek transferred all of its interest in Systex Rainbow to Systex China; since the transaction was under common control, no gains or losses were recognized.
- l. 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 nine months ended September 30, 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 nine months ended September 30, 2023 and 2022. As of September 30, 2023 and 2022, combined total assets of these subsidiaries were \$8,535,676 thousand and \$8,363,678 thousand, respectively, representing 29.20% and 29.07%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$4,065,362 thousand and \$4,377,393 thousand, respectively, representing 28.13% and 30.27%, respectively, of the consolidated total liabilities. For the three months and nine months ended September 30, 2023 and 2022, the amounts of combined total comprehensive income of these subsidiaries were \$154,447 thousand, \$82,770 thousand, \$418,831 thousand and \$233,789 thousand, respectively, representing 34.03%, 15.52%, 29.29% and 17.45%, respectively, of the consolidated total comprehensive income.

#### 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2023	December 31, 2022	September 30, 2022
Investments in associates	<u>\$ 1,968,902</u>	<u>\$ 1,963,914</u>	<u>\$ 1,946,463</u>

Aggregate information of associates:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
The Group's share of:				
Net profit for the period	\$ 28,119	\$ 18,629	\$ 65,053	\$ 20,194
Other comprehensive (loss) income for the period	<u>(12,257)</u>	<u>(1,622)</u>	<u>27,830</u>	<u>13,772</u>
Total comprehensive income for the period	<u>\$ 15,862</u>	<u>\$ 17,007</u>	<u>\$ 92,883</u>	<u>\$ 33,966</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	-	-	108,389	-	13,231	19,612	31,947	173,179
Disposals	(12,667)	(7,240)	(41,464)	-	(4,980)	(2,797)	(2,087)	(71,235)
Acquisitions through business combinations	78,188	14,182	7,236	-	-	-	705	100,311
Reclassification	-	-	(6,337)	-	381	-	-	(5,956)
Foreign exchange	-	7,940	2,719	48	64	760	454	11,985
Balance at September 30, 2022	<u>\$ 1,016,441</u>	<u>\$ 1,470,926</u>	<u>\$ 356,801</u>	<u>\$ 4,379</u>	<u>\$ 33,290</u>	<u>\$ 111,466</u>	<u>\$ 135,898</u>	<u>\$ 3,129,201</u>
<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	-	17,261	53,646	641	5,616	15,061	16,613	108,838
Disposals	-	(3,373)	(38,334)	-	(4,980)	(2,241)	(2,087)	(51,015)
Acquisitions through business combination	-	2,411	5,835	-	-	-	515	8,761
Reclassification	-	-	(1,117)	-	(8)	-	-	(1,125)
Foreign exchange	-	2,242	2,204	34	63	513	221	5,277
Balance at September 30, 2022	<u>\$ 7,694</u>	<u>\$ 594,207</u>	<u>\$ 168,484</u>	<u>\$ 3,660</u>	<u>\$ 16,121</u>	<u>\$ 54,814</u>	<u>\$ 58,256</u>	<u>\$ 903,236</u>
Carrying amount at September 30, 2022	<u>\$ 1,008,747</u>	<u>\$ 876,719</u>	<u>\$ 188,317</u>	<u>\$ 719</u>	<u>\$ 17,169</u>	<u>\$ 56,652</u>	<u>\$ 77,642</u>	<u>\$ 2,225,965</u>
<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	-	-	56,142	-	-	5,220	20,723	82,085
Disposals	-	-	(56,617)	(2,261)	(1,633)	(22,023)	(16,855)	(99,389)
Reclassification	-	-	8,902	-	23,621	2,163	-	34,686
Foreign exchange	-	5,184	1,202	30	42	282	351	7,091
Balance at September 30, 2023	<u>\$ 1,016,441</u>	<u>\$ 1,472,301</u>	<u>\$ 415,610</u>	<u>\$ 2,125</u>	<u>\$ 57,096</u>	<u>\$ 102,451</u>	<u>\$ 144,988</u>	<u>\$ 3,211,012</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	-	17,362	60,264	222	8,641	15,504	18,213	120,206
Disposals	-	-	(56,006)	(2,261)	(1,633)	(18,526)	(16,855)	(94,981)
Foreign exchange	-	1,623	978	29	42	262	172	3,106
Balance at September 30, 2023	<u>\$ 7,694</u>	<u>\$ 617,859</u>	<u>\$ 219,766</u>	<u>\$ 1,766</u>	<u>\$ 25,358</u>	<u>\$ 59,577</u>	<u>\$ 70,552</u>	<u>\$ 1,002,572</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 September 30, 2023	<u>\$ 1,008,747</u>	<u>\$ 854,442</u>	<u>\$ 195,844</u>	<u>\$ 359</u>	<u>\$ 31,738</u>	<u>\$ 42,874</u>	<u>\$ 74,436</u>	<u>\$ 2,208,440</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

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Buildings	\$ 354,285	\$ 288,171	\$ 297,003
Machinery	106,320	30,898	31,991
Transportation equipment	<u>3,915</u>	<u>6,899</u>	<u>7,894</u>
	<u>\$ 464,520</u>	<u>\$ 325,968</u>	<u>\$ 336,888</u>
	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>
	<b>2022</b>		<b>2022</b>
Additions to right-of-use assets	<u>\$ 65,833</u>	<u>\$ 22,362</u>	<u>\$ 308,245</u>
Depreciation charge for right-of-use assets			
Buildings	\$ 35,657	\$ 35,522	\$ 108,810
Machinery	9,676	8,450	31,911
Transportation equipment	<u>994</u>	<u>782</u>	<u>2,985</u>
	<u>\$ 46,327</u>	<u>\$ 44,754</u>	<u>\$ 143,706</u>
			<u>\$ 130,825</u>

### b. Lease liabilities

	September 30, 2023	December 31, 2022	September 30, 2022
<u>Carrying amount</u>			
Current	<u>\$ 175,797</u>	<u>\$ 138,424</u>	<u>\$ 141,136</u>
Non-current	<u>\$ 296,202</u>	<u>\$ 194,150</u>	<u>\$ 201,595</u>

Range of discount rates for lease liabilities was as follows:

	September 30, 2023	December 31, 2022	September 30, 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%-1.22%

### c. Material leasing activities and terms

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

d. Other lease information

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Expenses relating to short-term leases and low-value asset leases	\$ 18,241	\$ 15,854	\$ 53,578	\$ 41,305
Total cash outflow for leases	\$ 64,797	\$ 61,183	\$ 199,685	\$ 173,703

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 \$11,905 thousand and \$6,503 thousand as of September 30, 2023 and 2022, respectively.

## 17. BANK LOANS

a. Short-term loans

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured loans	\$ 1,654,383	\$ 1,419,640	\$ 2,001,622
Secured loans			
Bank secured loans	633,306	430,114	602,124
Leasing company's inventory sales and repurchase financing	<u>-</u>	<u>560</u>	<u>9,240</u>
	<u>\$ 2,287,689</u>	<u>\$ 1,850,314</u>	<u>\$ 2,612,986</u>
Annual interest rate			
Unsecured loans	1.55%-2.93%	1.37%-2.82%	1.25%-2.48%
Secured loans			
Bank secured loans	3.55%-3.85%	3.70%-4.00%	1.80%-4.25%
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

	September 30, 2023	December 31, 2022	September 30, 2022
Secured loans	\$ 107,126	\$ 114,647	\$ 117,174
Less: Current portion	<u>(10,068)</u>	<u>(10,120)</u>	<u>(9,822)</u>
	<u>\$ 97,058</u>	<u>\$ 104,527</u>	<u>\$ 107,352</u>
Annual interest rate			
Secured loans	2.03%-2.43%	1.40%-2.31%	1.40%-2.06%

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

## 18. BONDS PAYABLE

	September 30, 2023	December 31, 2022	September 30, 2022
Unsecured domestic bonds	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Less: Discount on bonds payable	<u>(3,672)</u>	<u>(4,580)</u>	<u>(4,882)</u>
	<u>\$ 2,996,328</u>	<u>\$ 2,995,420</u>	<u>\$ 2,995,118</u>

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

## 19. RETIREMENT BENEFIT PLANS

For the three months and nine months ended September 30, 2023 and 2022, the pension expenses of defined benefit plans were \$648 thousand, \$550 thousand, \$1,891 thousand and \$1,657 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

	September 30, 2023	December 31, 2022	September 30, 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>272,303</u>	<u>272,333</u>	<u>272,393</u>
Share capital issued	<u>\$ 2,723,033</u>	<u>\$ 2,723,333</u>	<u>\$ 2,723,933</u>

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

b. Capital surplus

	September 30, 2023	December 31, 2022	September 30, 2022
May be used to offset a deficit, distribute as cash dividends, or <u>transfer to share capital (1)</u>			
Issuance of shares	\$ 4,486,567	\$ 4,425,972	\$ 4,425,972
The difference between the consideration paid or received and the carrying amount of the subsidiaries' net assets during actual acquisition or disposal	193,977	193,977	194,515
Donations	544	544	544
Treasury share transactions	2,159,111	2,052,062	2,052,062
<u>May only be used to offset a deficit</u>			
Changes in percentage of ownership interest in subsidiaries (2)	10	11,669	10,251
Gain on sale of property, plant and equipment	4,493	4,493	4,493
<u>May not be used for any purpose</u>			
Employee restricted shares	<u>123,026</u>	<u>185,514</u>	<u>189,300</u>
	<u>\$ 6,967,728</u>	<u>\$ 6,874,231</u>	<u>\$ 6,877,137</u>

1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

2) Such capital surplus arises from the effect of changes in ownership interest in subsidiary resulted from equity transactions other than actual disposal on acquisition, or from changes in capital surplus of subsidiaries accounted for 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:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
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, respectively, and the remaining appropriations of earnings were approved by the shareholders in their meetings on May 25, 2023 and May 26, 2022, respectively.

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

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

d. Other equity items

1) Exchange differences on translation of foreign operations

	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (272,123)	\$ (692,016)
Exchange differences on translation of foreign operations	142,593	487,528
Share of associates accounted for using the equity method	(4,601)	15,880
Balance at September 30	\$ (133,771)	\$ (188,608)

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

	<b>For the Nine Months Ended</b>	
	<b>September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (36,000)	\$ (37,108)
Recognized for the period		
Unrealized (loss) gain on equity investments	(27,343)	20,246
Share of associates accounted for using the equity method	31,480	(2,327)
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	(60)	-
Balance at September 30	\$ (31,923)	\$ (19,189)

3) Unearned employee benefits

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ (171,334)	\$ -
Issuance of shares	-	(219,300)
Cancellation of shares	2,193	-
Share-based payment expenses recognized	<u>90,759</u>	<u>11,117</u>
Balance at September 30	<u>\$ (78,382)</u>	<u>\$ (208,183)</u>

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

e. Treasury shares

<b>Purpose of Treasury Share</b>	<b>Number of Shares at January 1</b>	<b>Increase During the Period</b>	<b>Decrease During the Period</b>	<b>Number of Shares at September 30</b>
<u>2023 and 2022</u>				
Reclassification of the Corporation's shares held by subsidiaries from equity-method investments into treasury shares (in thousands)	<u>21,410</u>	<u>-</u>	<u>-</u>	<u>21,410</u>

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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<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>\$ 738,426</u>
Market value	<u>\$ 2,259,568</u>	<u>\$ 1,481,509</u>	<u>\$ 1,481,509</u>
<u>Ching Pu</u>			
Share (in thousands)	<u>10,982</u>	<u>10,982</u>	<u>10,982</u>
Investment cost	<u>\$ 237,308</u>	<u>\$ 237,308</u>	<u>\$ 237,308</u>
Market value	<u>\$ 1,164,036</u>	<u>\$ 763,213</u>	<u>\$ 763,213</u>

For the Corporation's shares held by Hanmore, the investment cost at 48.92% (the ownership percentage owned by the Corporation) was transferred from investment accounted for using the equity method to treasury shares, amounting to \$515,617 thousand (10,428 thousand shares) as of September 30, 2023, December 31, 2022 and September 30, 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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 539,648	\$ 307,828
Attributable to non-controlling interests:		
Share of profit for the period	64,875	24,985
Exchange differences on translation of foreign operations	3,129	8,398
Non-controlling interests arising from acquisition of subsidiaries (Note 26)	-	112,771
Equity transactions with non-controlling interests (Note 27)	(20,466)	45,937
Changes in percentage of ownership interest in subsidiaries	274	3,838
Cash dividends distributed by subsidiaries	(103,101)	(61,347)
Cash dividends received by non-controlling interests of Hanmore	54,442	54,441
Non-controlling interests related to recognition of share-based payment transactions by subsidiaries (Note 25)	705	-
Issuance of shares for cash by subsidiaries	-	49,089
Return of shares in the liquidation of subsidiaries	-	(787)
Balance at September 30	<u>\$ 539,506</u>	<u>\$ 545,153</u>

## 21. REVENUE

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers				
Revenue from the sale of goods	\$ 6,458,627	\$ 6,860,842	\$ 19,514,869	\$ 18,967,628
Revenue from the rendering of services	1,822,261	1,667,833	5,272,005	4,938,102
Other operating revenue	<u>18,604</u>	<u>17,879</u>	<u>72,757</u>	<u>51,917</u>
	<u>\$ 8,299,492</u>	<u>\$ 8,546,554</u>	<u>\$ 24,859,631</u>	<u>\$ 23,957,647</u>

### Contract Balances

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Notes and accounts receivable	<u>\$ 5,599,418</u>	<u>\$ 6,345,625</u>	<u>\$ 5,708,373</u>
Contract liabilities	<u>\$ 1,728,844</u>	<u>\$ 2,438,375</u>	<u>\$ 1,918,099</u>

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

## 22. NET PROFIT

### a. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Property, plant and equipment	\$ 40,783	\$ 39,441	\$ 120,206	\$ 108,838
Right-of-use assets	46,327	44,754	143,706	130,825
Intangible assets	<u>15,478</u>	<u>11,133</u>	<u>46,397</u>	<u>29,216</u>
	<u>\$ 102,588</u>	<u>\$ 95,328</u>	<u>\$ 310,309</u>	<u>\$ 268,879</u>
An analysis of depreciation by function				
Operating costs	\$ 22,845	\$ 20,849	\$ 70,348	\$ 62,006
Operating expenses	<u>64,265</u>	<u>63,346</u>	<u>193,564</u>	<u>177,657</u>
	<u>\$ 87,110</u>	<u>\$ 84,195</u>	<u>\$ 263,912</u>	<u>\$ 239,663</u>
An analysis of amortization by function				
Operating costs	\$ 21	\$ 223	\$ 97	\$ 670
Operating expenses	<u>15,457</u>	<u>10,910</u>	<u>46,300</u>	<u>28,546</u>
	<u>\$ 15,478</u>	<u>\$ 11,133</u>	<u>\$ 46,397</u>	<u>\$ 29,216</u>

### b. Employee benefits expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Post-employment benefits				
Defined contribution plans	\$ 56,612	\$ 55,021	\$ 157,724	\$ 158,617
Defined benefit plans (Note 19)	<u>648</u>	<u>550</u>	<u>1,891</u>	<u>1,657</u>
	57,260	55,571	159,615	160,274
Compensation costs of share-based payment	26,501	11,117	90,759	11,117
Payroll	1,069,666	1,064,553	3,203,926	3,000,705
Labor and health insurance	90,774	84,922	270,804	257,233
Other employee benefits	<u>39,912</u>	<u>46,604</u>	<u>142,571</u>	<u>132,047</u>
	<u>\$ 1,284,113</u>	<u>\$ 1,262,767</u>	<u>\$ 3,867,675</u>	<u>\$ 3,561,376</u>
An analysis of employee benefits expenses by function				
Operating costs	\$ 44,483	\$ 57,927	\$ 187,336	\$ 158,250
Operating expenses	<u>1,239,630</u>	<u>1,204,840</u>	<u>3,680,339</u>	<u>3,403,126</u>
	<u>\$ 1,284,113</u>	<u>\$ 1,262,767</u>	<u>\$ 3,867,675</u>	<u>\$ 3,561,376</u>

As of September 30, 2023 and 2022, the Group had 4,467 and 4,363 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 September 30, 2023 and 2022 and for the nine months ended September 30, 2023 and 2022 were as follows:

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>	<b>Cash</b>	<b>Cash</b>
Compensation of employees	<u>\$ 11,235</u>	<u>\$ 10,395</u>	<u>\$ 40,555</u>	<u>\$ 25,491</u>
Remuneration of directors	<u>\$ 7,490</u>	<u>\$ 6,930</u>	<u>\$ 27,037</u>	<u>\$ 16,994</u>

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:

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

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.

d. Gain on sale of investments, net

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Disposal of investments accounted for using equity method	<u>\$ 7,038</u>	<u>\$ -</u>	<u>\$ 16,225</u>	<u>\$ -</u>

## 23. INCOME TAXES

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Current tax				
In respect of the current period	\$ 87,311	\$ 63,212	\$ 281,255	\$ 199,619
Additional income tax on unappropriated earnings	(2)	249	6,210	4,675
Additional income tax under the Alternative Minimum Tax Act	4,986	(580)	20,049	4,951
Land value increment tax	-	-	-	240
Adjustments for prior years' tax	<u>(4,440)</u>	<u>83</u>	<u>(9,570)</u>	<u>(1,144)</u>
	<u>87,855</u>	<u>62,964</u>	<u>297,944</u>	<u>208,341</u>
Deferred tax				
In respect of the current period	120	(1,012)	4,481	4,411
Adjustments for prior years' tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>(240)</u>
	<u>120</u>	<u>(1,012)</u>	<u>4,481</u>	<u>4,171</u>
Income tax expense recognized in profit or loss	<u>\$ 87,975</u>	<u>\$ 61,952</u>	<u>\$ 302,425</u>	<u>\$ 212,512</u>

- b. Income tax assessments

Income tax returns through 2020 and undistributed earnings through 2019 of the Corporation, SSSC, Nexsys, CSMC, TEDP, 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, Naturint, Docutek Solutions, ANSecurity and Docutek Services, have been assessed by the tax authorities.

## 24. EARNINGS PER SHARE

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
<u>Net income for the period</u>				
Net income for the period attributable to owners of the Corporation	<u>\$ 337,046</u>	<u>\$ 313,729</u>	<u>\$ 1,218,745</u>	<u>\$ 784,485</u>

(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<u>Number of shares (in thousands)</u>				
Weighted average number of ordinary shares in the computation of basic earnings per share	248,092	247,983	248,092	247,983
Effect of potentially dilutive ordinary shares:				
Compensation of employees	<u>383</u>	<u>367</u>	<u>471</u>	<u>458</u>
Weighted average number of ordinary shares in the computation of diluted earnings per share	<u>248,475</u>	<u>248,350</u>	<u>248,563</u>	<u>248,441</u>
<u>Earnings per share (NT\$)</u>				
Basic earnings per share	<u>\$1.36</u>	<u>\$1.26</u>	<u>\$4.91</u>	<u>\$3.16</u>
Diluted earnings per share	<u>\$1.36</u>	<u>\$1.26</u>	<u>\$4.90</u>	<u>\$3.16</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, will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<u>Net income for the period</u>				
Net income for the period attributable to owners of the Corporation	<u>\$ 444,095</u>	<u>\$ 403,650</u>	<u>\$ 1,325,794</u>	<u>\$ 874,406</u>
				(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<u>Number of shares (in thousands)</u>				
Weighted average number of ordinary shares in the computation of pro forma basic earnings per share	269,502	269,393	269,502	269,393
Effect of potentially dilutive ordinary shares:				
Compensation of employees	<u>383</u>	<u>367</u>	<u>471</u>	<u>458</u>
Weighted average number of ordinary shares in the computation of pro forma diluted earnings per share	<u>269,885</u>	<u>269,760</u>	<u>269,973</u>	<u>269,851</u>
<u>Earnings per share (NT\$)</u>				
Basic earnings per share	<u>\$1.65</u>	<u>\$1.50</u>	<u>\$4.92</u>	<u>\$3.24</u>
Diluted earnings per share	<u>\$1.65</u>	<u>\$1.50</u>	<u>\$4.91</u>	<u>\$3.24</u>
				(Concluded)

## 25. SHARE-BASED PAYMENT ARRANGEMENTS

- For the nine months ended September 30, 2023, the Group did not issue newly restricted shares for employees. Refer to Note 25 of the consolidated financial statements for the year ended December 31, 2022 in relation to the issuance information of the restricted share awards plan.
- As of September 30, 2023, 960 thousand shares and 1,950 thousand shares of the above RSAs are vested and not vested, respectively.
- Compensation costs of share-based payment

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Restricted shares for employees	<u>\$ 26,501</u>	<u>\$ 11,117</u>	<u>\$ 90,759</u>	<u>\$ 11,117</u>

## 26. BUSINESS COMBINATIONS

### a. Subsidiaries acquired

<b>Subsidiary</b>	<b>Principal Activity</b>	<b>Date of Acquisition</b>	<b>Proportion of Voting Equity Interests Acquired (%)</b>
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

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

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

	<b>Docutek Solutions</b>
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

	<b>Docutek Solutions</b>
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

	<b>Docutek Solutions</b>
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 13c, 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.

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

- b. 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.

	<b>Amount</b>
Consideration paid in cash	\$ (68,400)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>58,574</u>
Differences recognized from equity transaction	<u>\$ (9,826)</u>
	(Continued)

	<b>Amount</b>
Carrying amount of capital surplus deducted	\$ (1,858)
Adjustment to retained earnings	<u>(7,968)</u>
	<u>\$ (9,826)</u>
	(Concluded)

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.

- c. As described in Note 13j, 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 interests in subsidiaries of \$3,151 thousand.
- d. As described in Note 13b, Syspower agreed with certain shareholders to buy back its shares in April 2023, which increased the Group's interest in Syspower to 87.32%. The transaction was accounted for as equity transactions since the Group did not cease to have control over the subsidiary.

	<b>Amount</b>
Consideration paid in cash	\$ (29,002)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	<u>20,466</u>
Differences recognized from equity transaction (recognized as capital surplus)	<u>\$ (8,536)</u>

## 28. CAPITAL MANAGEMENT

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

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

## 29. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

September 30, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Listed shares	\$ 46,319	\$ -	\$ -	\$ 46,319
Unlisted shares	-	-	1,882,748	1,882,748
Unlisted preferred shares	-	-	73,987	73,987
Mutual funds	543,684	-	-	543,684
Others	-	-	114,551	114,551
	<u>\$ 590,003</u>	<u>\$ -</u>	<u>\$ 2,071,286</u>	<u>\$ 2,661,289</u>
Financial assets at FVTOCI				
Listed shares	\$ 41,220	\$ -	\$ -	\$ 41,220
Unlisted shares	-	-	262,285	262,285
Unlisted preferred shares	-	-	50,034	50,034
	<u>\$ 41,220</u>	<u>\$ -</u>	<u>\$ 312,319</u>	<u>\$ 353,539</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>
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>

September 30, 2022

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

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2023 and 2022.

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

For the nine months ended September 30, 2023

Financial Assets	Equity Instruments at FVTPL	Equity Instruments at FVTOCI	Total
Balance at January 1	\$ 2,040,928	\$ 309,456	\$ 2,350,384
Recognized in profit or loss	86,358	-	86,358
Recognized in other comprehensive income	-	(36,491)	(36,491)
Purchases	-	11,581	11,581
Disposals	(49,501)	-	(49,501)
Transferred from investments using the equity method	3,600	21,296	21,296
Capital reduction	(14,194)	(3,720)	(17,914)
Net exchange differences	<u>4,095</u>	<u>10,197</u>	<u>14,292</u>
Balance at September 30	<u>\$ 2,071,286</u>	<u>\$ 312,319</u>	<u>\$ 2,380,005</u>
Unrealized gain for the current period recognized in profit or loss relating to assets held at the end of the period	<u>\$ 56,519</u>		<u>\$ 56,519</u>

For the nine months ended September 30, 2022

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

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

<b>Financial Instruments</b>	<b>Valuation Techniques and Inputs</b>
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

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
<u>Financial assets</u>			
FVTPL	\$ 2,661,289	\$ 5,599,421	\$ 4,114,214
Amortized cost (1)	13,931,827	12,525,986	11,915,352
FVTOCI	353,539	342,633	520,542
<u>Financial liabilities</u>			
Amortized cost (2)	11,567,553	11,823,232	11,483,504

- 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).

- 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.

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Increase/decrease	<u>\$ 11,571</u>	<u>\$ 29,626</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.

	<b>September 30, 2023</b>	<b>December 31, 2022</b>	<b>September 30, 2022</b>
Fair value interest rate risk			
Financial assets	<u>\$ 1,912,662</u>	<u>\$ 1,801,683</u>	<u>\$ 1,440,561</u>
Financial liabilities	<u>\$ 5,284,017</u>	<u>\$ 5,177,748</u>	<u>\$ 5,608,104</u>
Cash flow interest rate risk			
Financial assets	<u>\$ 5,622,502</u>	<u>\$ 3,590,352</u>	<u>\$ 4,033,366</u>
Financial liabilities	<u>\$ 107,126</u>	<u>\$ 114,647</u>	<u>\$ 117,174</u>

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

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

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Increase/decrease	<u>\$ 4,137</u>	<u>\$ 2,937</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:

	<b>For the Nine Months Ended September 30</b>	
	<b>2023</b>	<b>2022</b>
Pre-tax net income		
Increase/decrease	<u>\$ 133,064</u>	<u>\$ 205,711</u>
Other comprehensive income		
Increase/decrease	<u>\$ 17,677</u>	<u>\$ 26,027</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 shares and corporate bonds without quoted market prices in an active market, and higher liquidity risk is anticipated.

### 30. TRANSACTIONS WITH RELATED PARTIES

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

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

<u>Related Party</u>	<u>Relationship with the Group</u>
Systemweb Technologies Co., Ltd.	Associate
Sanfran Technologies Inc.	Associate
Investment Media Ltd.	Associate
FinRobo Advisor Securities Investment Consulting Co., Ltd.	Associate
Shengsen Cloud Technology	Associate (Note 1)
Frog-jump Information Co., Ltd.	Associate
Neweb Information Co., Ltd.	Associate
Retail System Co., Ltd.	Associate (Note 2)
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 (Note 3)
Teamplus Technology Inc.	Associate
Neo Trend Tech Corporation	Associate
Green World FinTech Service Co., Ltd.	Director of subsidiary (Note 4)
Mr. Hsieh	Director of subsidiary

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

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

Note 3: CKmates International Co., Ltd. was no longer a related party to the Group since June 2023.

Note 4: Green World FinTech Service Co., Ltd. has become a related party to the Group since June 2022.

#### b. Operating revenue

Line Item	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Sales	Associates	\$ 35,337	\$ 47,350	\$ 166,862	\$ 138,062
	Director of subsidiary	\$ 1,952	\$ 597	\$ 5,399	\$ 953
Service revenue	Associates	\$ 2,764	\$ 1,027	\$ 6,078	\$ 5,217
	Director of subsidiary	\$ 138	\$ 14	\$ 208	\$ 25
Other operating revenue	Director of subsidiary	\$ 176	\$ 136	\$ 497	\$ 179

c. Purchases

Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associates	\$ 14,665	\$ 15,283	\$ 26,889	\$ 30,772
Director of subsidiary	\$ 16	\$ -	\$ 16	\$ -

d. Receivables from related parties

Line Item	Related Party Category	September 30, 2023	December 31, 2022	September 30, 2022
Accounts receivable	Associates	\$ 81,514	\$ 39,335	\$ 83,533
	Other related party	\$ -	\$ -	\$ 2,783
	Director of subsidiary	\$ 243	\$ 172	\$ 152
Lease receivables - current (included in other current assets)	Director of subsidiary	\$ 1,842	\$ 1,310	\$ 1,085
Lease receivables - non-current (included in other non-current assets)	Director of subsidiary	\$ 2,117	\$ 1,971	\$ 1,840

e. Payables to related parties

Line Item	Related Party Category	September 30, 2023	December 31, 2022	September 30, 2022
Payables to related parties	Associates	\$ 17,149	\$ 23,873	\$ 17,732
Other payables	Director of subsidiary	\$ 9,402	\$ 9,402	\$ 9,402

The product/service sales and purchase transactions with related parties were conducted under pricing terms similar to those with third parties, i.e., for purchases or sales of similar products/services, except 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 Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Associates	\$ -	\$ -	\$ 360	\$ -

g. Other transactions with related parties

Line Item	Related Party Category	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2023	2022	2023	2022
Service cost	Associates	\$ 4,184	\$ 6,036	\$ 12,539	\$ 16,093
Operating	Associates	\$ 127	\$ 1,473	\$ 1,318	\$ 3,550
expenses	Director of subsidiary	\$ 85	\$ -	\$ 211	\$ -

h. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023	2022	2023	2022
Short-term employee benefits	\$ 28,982	\$ 32,684	\$ 96,894	\$ 94,767
Post-employment benefits	687	698	2,148	2,130
Termination benefits	-	960	-	960
Share-based payment	<u>21,675</u>	<u>8,947</u>	<u>74,593</u>	<u>8,947</u>
	<u>\$ 51,344</u>	<u>\$ 43,289</u>	<u>\$ 173,635</u>	<u>\$ 106,804</u>

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

### 31. PLEDGED ASSETS

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

	September 30, 2023	December 31, 2022	September 30, 2022
Property, plant and equipment - land and buildings, net	\$ 432,343	\$ 433,588	\$ 437,879
Pledged time deposits - current (included in other financial assets - current)	344,660	474,863	390,476
Pledged time deposits - non-current (included in other financial assets - non-current)	102,772	86,508	105,585
The shares of the Corporation (Note)	<u>530,000</u>	<u>347,500</u>	<u>347,500</u>
	<u>\$ 1,409,775</u>	<u>\$ 1,342,459</u>	<u>\$ 1,281,440</u>

Note: Hanmore pledged 5,000 thousand shares of the Corporation as of September 30, 2023, December 31, 2022 and September 30, 2022, and it was eliminated on consolidation.

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

September 30, 2023	December 31, 2022	September 30, 2022
<u>\$ 711</u>	<u>\$ 658</u>	<u>\$ 653</u>

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

September 30, 2023	December 31, 2022	September 30, 2022
<u>\$ 16,837,500</u>	<u>\$ 15,378,533</u>	<u>\$ 17,183,669</u>

- c. The Group provided endorsements for others in Table 3.
- d. The Group issues gift certificates and gift cards. For the handling of advance receipts from customers for sold gift certificates and gift cards, the Group entered into a trust agreement with E.SUN Commercial Bank according to the “Provision to be Included in Standard Form Contract of All Sorts of Gift Certificates of Retail Companies” issued by the Ministry of Economic Affairs. According to the trust agreement, the Group opened a trust account in E.SUN Commercial Bank. Advance receipts from customers for sold gift certificates are deposited in the trust account and amounts for services already provided to customers are paid to the Group on a monthly basis. The balance in the trust account should be not lower than the amount of outstanding gift certificates and gift cards. As of September 30, 2023, the Group’s assets in the trust account amounted to \$123,269 thousand (included in other financial assets).

### 33. OTHER ITEMS

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

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

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

September 30, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 15,963	32.27	\$ 515,126
RMB	10,674	4.49	47,926
Non-monetary items			
Financial assets at FVTPL			
HKD	9,991	4.12	41,193
<u>Financial liabilities</u>			
Monetary items			
USD	10,235	32.27	330,283
RMB	302	4.49	1,357

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<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

September 30, 2022

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

For the three months and nine months ended September 30, 2023 and 2022, realized and unrealized net foreign exchange (losses) gains were \$(373) thousand, \$16,078 thousand, \$(3,700) thousand and \$20,833 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

### 35. SEGMENT INFORMATION

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

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

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

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

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

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

Investment department engages in investment activities.

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

	Financial Business Integration	Consumer Market Integration	Digital Ecosystem Integration	Commercial Software Service Integration	China Group	Investment Department	Adjustment and Elimination	Total
For the nine months ended September 30, 2023								
Sales to customers	\$ 3,195,898	\$ 4,435,176	\$ 5,616,587	\$ 7,028,719	\$ 4,583,251	\$ -	\$ -	\$ 24,859,631
Sales to other segments	<u>184,467</u>	<u>96,917</u>	<u>1,376,403</u>	<u>340,602</u>	<u>460,144</u>	<u>-</u>	<u>(2,458,533)</u>	<u>-</u>
Total sales	<u>\$ 3,380,365</u>	<u>\$ 4,532,093</u>	<u>\$ 6,992,990</u>	<u>\$ 7,369,321</u>	<u>\$ 5,043,395</u>	<u>\$ -</u>	<u>\$ (2,458,533)</u>	<u>\$ 24,859,631</u>
Segment income (loss)	<u>\$ 261,448</u>	<u>\$ 335,685</u>	<u>\$ 518,984</u>	<u>\$ 499,946</u>	<u>\$ 61,648</u>	<u>\$ 283,354</u>	<u>\$ -</u>	<u>\$ 1,961,065</u>
Corporate general expenses								<u>(375,020)</u>
Income before income tax								<u>\$ 1,586,045</u>
Segment depreciation and amortization expenses	<u>\$ 44,280</u>	<u>\$ 25,163</u>	<u>\$ 82,045</u>	<u>\$ 10,195</u>	<u>\$ 32,296</u>	<u>\$ -</u>		<u>\$ 193,979</u>
Non-segment depreciation and amortization expenses								<u>116,330</u>
Total depreciation and amortization expenses								<u>\$ 310,309</u>
Segment assets	<u>\$ 5,201,367</u>	<u>\$ 2,953,354</u>	<u>\$ 3,526,301</u>	<u>\$ 3,927,761</u>	<u>\$ 3,497,377</u>	<u>\$ 8,503,658</u>		<u>\$ 27,609,818</u>
General assets								<u>1,626,409</u>
Total assets								<u>\$ 29,236,227</u>
For the nine months ended September 30, 2022								
Sales to customers	\$ 3,428,840	\$ 3,842,410	\$ 5,339,830	\$ 6,963,163	\$ 4,383,404	\$ -	\$ -	\$ 23,957,647
Sales to other segments	<u>489,404</u>	<u>86,632</u>	<u>594,991</u>	<u>462,642</u>	<u>539,696</u>	<u>-</u>	<u>(2,173,365)</u>	<u>-</u>
Total sales	<u>\$ 3,918,244</u>	<u>\$ 3,929,042</u>	<u>\$ 5,934,821</u>	<u>\$ 7,425,805</u>	<u>\$ 4,923,100</u>	<u>\$ -</u>	<u>\$ (2,173,365)</u>	<u>\$ 23,957,647</u>
Segment income (loss)	<u>\$ 272,819</u>	<u>\$ 302,135</u>	<u>\$ 232,981</u>	<u>\$ 548,327</u>	<u>\$ 79,813</u>	<u>\$ (89,942)</u>	<u>\$ -</u>	<u>\$ 1,346,133</u>
Corporate general expenses								<u>(324,151)</u>
Income before income tax								<u>\$ 1,021,982</u>
Segment depreciation and amortization expenses	<u>\$ 39,545</u>	<u>\$ 23,285</u>	<u>\$ 62,128</u>	<u>\$ 7,770</u>	<u>\$ 31,535</u>	<u>\$ -</u>		<u>\$ 164,263</u>
Non-segment depreciation and amortization expenses								<u>104,616</u>
Total depreciation and amortization expenses								<u>\$ 268,879</u>
Segment assets	<u>\$ 4,760,890</u>	<u>\$ 2,791,973</u>	<u>\$ 3,014,061</u>	<u>\$ 4,837,246</u>	<u>\$ 3,549,461</u>	<u>\$ 8,654,506</u>		<u>\$ 27,608,137</u>
General assets								<u>1,159,607</u>
Total assets								<u>\$ 28,767,744</u>

Segment (loss) 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)

c. Information on investments in mainland China

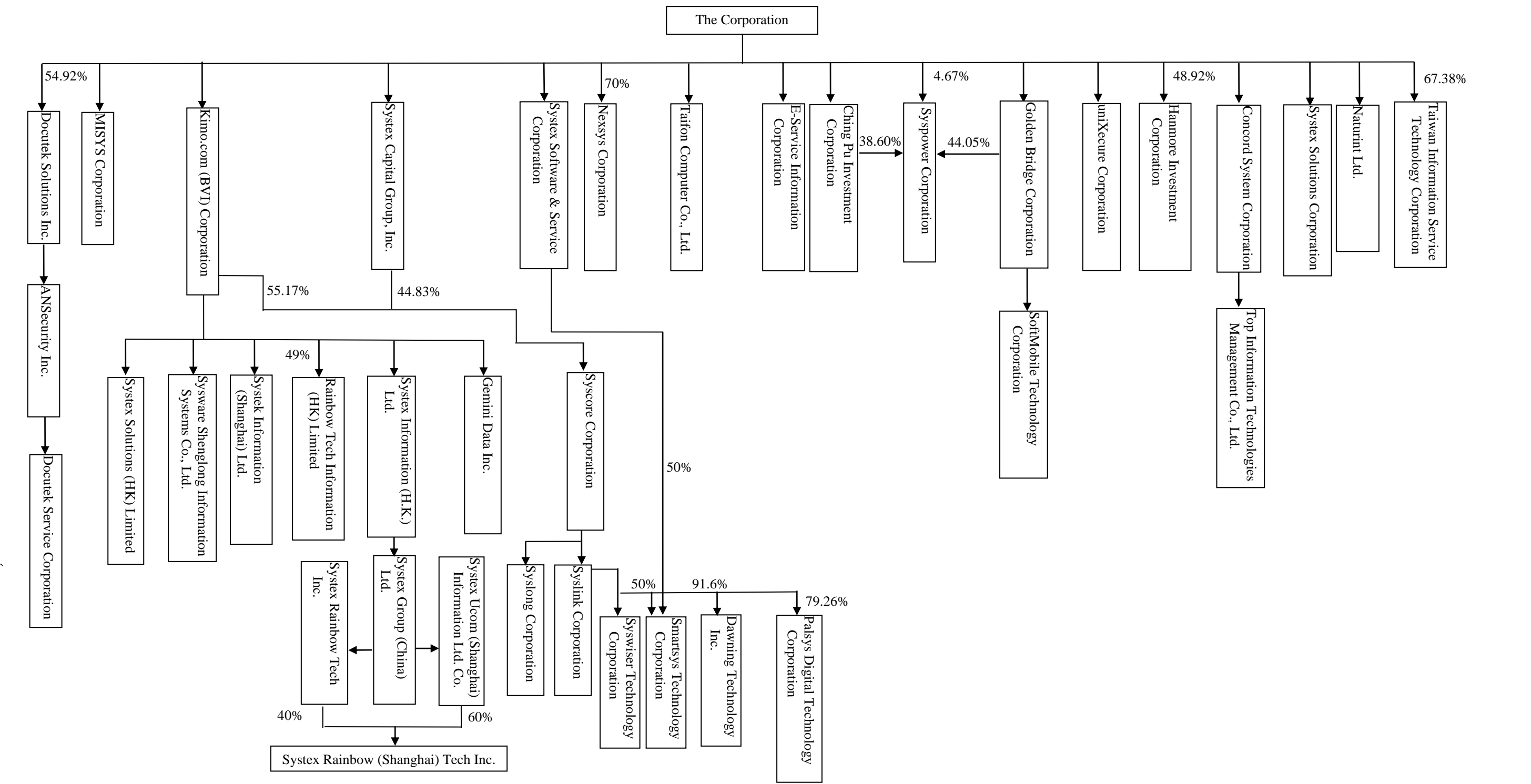
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 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 (Tables 6 and 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
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

TABLE 1

SYSTEX CORPORATION AND SUBSIDIARIES

THE RELATIONSHIP AND PERCENTAGE OF OWNERSHIP OF COMPANIES IN THE GROUP  
SEPTEMBER 30, 2023



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

**TABLE 2**

**SYSTEX CORPORATION AND SUBSIDIARIES**

**FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ -	-	\$ -	\$ 2,849,176	\$ 5,698,352	(Note 3)
1	Systex Group (China) Ltd.	Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	134,838	134,838	8,989	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,849,176	5,698,352	(Note 4)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	224,730	224,730	98,881	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,849,176	5,698,352	(Note 5)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	22,473	22,473	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,849,176	5,698,352	(Note 6)
		Systex Ucom (Shanghai) Information Ltd. Co.	Receivables from related parties	Y	224,730	224,730	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,849,176	5,698,352	(Note 7)
2	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	269,676	269,676	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,849,176	5,698,352	(Note 8)
		Systex Rainbow Tech Inc.	Receivables from related parties	Y	44,946	44,946	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,849,176	5,698,352	(Note 9)
		Sysware Shenglong Information Systems Co., Ltd.	Receivables from related parties	Y	44,946	44,946	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,849,176	5,698,352	(Note 10)
3	Systex Rainbow Tech Inc.	Systex Group (China) Ltd.	Receivables from related parties	Y	89,892	89,892	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,849,176	5,698,352	(Note 11)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	44,946	44,946	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,849,176	5,698,352	(Note 12)
4	Sysware Shenglong Information Systems Co., Ltd.	Systex Group (China) Ltd.	Receivables from related parties	Y	44,946	44,946	-	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,849,176	5,698,352	(Note 13)
		Systek Information (Shanghai) Ltd.	Receivables from related parties	Y	44,946	44,946	42,699	1-6.16	Short-term financing	-	Operating capital	-	-	-	2,849,176	5,698,352	(Note 14)
5	Syspower Corporation	Palsys Digital Technology Corporation	Receivables from related parties	Y	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	-	-	2.00	Business Relations	344,471	Operating capital	-	-	-	344,471	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	-	-	-	1,379,826	1,379,826	(Note 17)
8	Syslink Corporation	Concord System Management Corporation	Receivables from related parties	Y	150,000	-	-	2.00	Short-term financing	-	Operating capital	-	-	-	534,542	534,542	(Note 18)
		Palsys Digital Technology Corporation	Receivables from related parties	Y	160,000	160,000	160,000	2.00	Short-term financing	-	Operating capital	-	-	-	534,542	534,542	(Note 19)

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

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

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

Note 4: The highest balance for the period is NT\$134,838 thousand (RMB30,000 thousand). The ending balance is NT\$134,838 thousand (RMB30,000 thousand), including NT\$125,849 thousand (RMB28,000 thousand) which has not been withdrawn.

Note 5: The highest balance for the period is NT\$224,730 thousand (RMB50,000 thousand). The ending balance is NT\$224,730 thousand (RMB50,000 thousand), including NT\$125,849 thousand (RMB28,000 thousand) which has not been withdrawn.

Note 6: The highest balance for the period is NT\$22,473 thousand (RMB5,000 thousand). The ending balance is NT\$22,473 thousand (RMB5,000 thousand) which has not been withdrawn.

Note 7: The highest balance for the period is NT\$224,730 thousand (RMB50,000 thousand). The ending balance is NT\$224,730 thousand (RMB50,000 thousand) which has not been withdrawn.

(Continued)

Note 8: The highest balance for the period is NT\$269,676 thousand (RMB60,000 thousand). The ending balance is NT\$269,676 thousand (RMB60,000 thousand) which has not been withdrawn.

Note 9: The highest balance for the period is NT\$44,946 thousand (RMB10,000 thousand). The ending balance is NT\$44,946 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 10: The highest balance for the period is NT\$44,946 thousand (RMB10,000 thousand). The ending balance is NT\$44,946 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 11: The highest balance for the period is NT\$89,892 thousand (RMB20,000 thousand). The ending balance is NT\$89,892 thousand (RMB20,000 thousand) which has not been withdrawn.

Note 12: The highest balance for the period is NT\$44,946 thousand (RMB10,000 thousand). The ending balance is NT\$44,946 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 13: The highest balance for the period is NT\$44,946 thousand (RMB10,000 thousand). The ending balance is NT\$44,946 thousand (RMB10,000 thousand) which has not been withdrawn.

Note 14: The highest balance for the period is NT\$44,946 thousand (RMB10,000 thousand). The ending balance is NT\$44,946 thousand (RMB10,000 thousand) including NT\$2,247 thousand (RMB500 thousand) which has not been withdrawn.

Note 15: The highest balance for the period is NT\$160,000 thousand.

Note 16: The highest balance for the period is NT\$70,000 thousand.

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

Note 18: The highest balance for the period is NT\$15,000 thousand.

Note 19: The highest balance for the period is NT\$160,000 thousand. The ending balance is NT\$160,000 thousand which has 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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 3,561,470	\$ 403,375	\$ 403,375	\$ 39,466	\$ -	2.83	\$ 7,122,940	Y	N	N	(Notes 2 and 3)
		Systex Group (China) Ltd.	b	3,561,470	1,822,074	1,822,074	536,804	-	12.79	7,122,940	Y	N	Y	(Notes 2 and 3)
		Systek Information (Shanghai) Ltd.	b	3,561,470	16,135	16,135	-	-	0.11	7,122,940	Y	N	Y	(Notes 2 and 3)
		Systex Rainbow Tech Inc.	b	3,561,470	48,405	48,405	-	-	0.34	7,122,940	Y	N	Y	(Notes 2 and 3)
		Systex Ucom (Shanghai) Information Ltd. Co.	b	3,561,470	134,838	134,838	57,764	-	0.95	7,122,940	Y	N	Y	(Notes 2 and 3)
		Systex Software & Service Corporation	b	3,561,470	1,000,000	1,000,000	433,003	-	7.02	7,122,940	Y	N	N	(Notes 2 and 3)
1	Systek Information (Shanghai) Ltd.	Systex Group (China) Ltd.	d	884,834	224,730	224,730	197,007	224,730	50.80	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

SEPTEMBER 30, 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	September 30, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Controlling company - Systex Corporation	<u>Ordinary shares</u>	Parent company	Financial assets at FVTPL - non-current	56,226	\$ -	0.74	\$ -	(Note 2)
	GCH Systems		"	17,919,276	1,476,265	3.28	1,476,265	
	Taiwan Futures Exchange Corporation		"	795,895	-	1.79	-	
	Saho Corporation		"	25,263,076	254,664	8.42	254,664	
	Far Eastern Electronic Toll Collection Co., Ltd.		"	1,108,592	20,660	4.22	20,660	
	Sysjust Co., Ltd.		"	205,567	1,414	4.40	1,414	
	3Probe Technologies Co., Ltd.		"	1,260,000	12,168	14.63	12,168	
	Da Ho Marketing Co., Ltd.		"	808,415	-	0.20	-	
	Princo Co., Ltd.		"	471,700	-	3.20	-	
	Wegoluck Co., Ltd.		"	150,000	-	3.57	-	
	Yankey Inc.		"	3,404,000	-	1.54	-	
	Germini Data Inc.		"	52,184	624	0.50	624	
	Prudence Capital Management Co., Ltd.		Financial assets at FVTOCI - non-current	555,560	378	1.75	378	
	Alpha Core Philosophy Co., Ltd.		"	600,000	7,440	6.12	7,440	
	iSpan International Inc.		"	236,000	32,804	3.58	32,804	
	Firstweb Limited.		"	452,000	2,260	14.98	2,260	
	Shengsen Cloud Technology		"					
	<u>Preference shares</u>							
	Gemini Data, Inc.		Financial assets at FVTOCI - non-current	7,720,167	-	3.50	-	
Subordinate company - Ching Pu Investment Corporation	<u>Ordinary shares</u>	Parent company	Financial assets at FVTOCI - non-current	10,981,476	1,164,036	4.03	1,164,036	(Note 2)
	Systex Corporation		Financial assets at FVTPL - non-current	1,177,629	-	5.57	-	
	Enova Technology Corp.		"	8,558,064	-	2.08	-	
	Princo Co., Ltd.		"	1,276,448	23,786	4.85	23,786	
	Sysjust Co., Ltd.		"	64,063	-	0.37	-	
	Axtronics Inc.		"	111,829	-	0.22	-	
	Universal Ec Inc.		"	326,000	-	0.54	-	
	Taiwan Electronic Packaging Co., Ltd.		"					

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Taiwan Electronic Data Processing Corporation	<u>Mutual funds</u> Fuh Hwa Legend Fund VI Yuanta 0-2 Year Investment Grade Corporate Bond Fund - TWD (A)	Parent company	Financial assets at FVTPL - current	250,000	\$ 6,538	-	\$ 6,538	(Note 2)
			"	1,000,000	10,614	-	10,614	
	<u>Ordinary shares</u> Changzhou Xinguotai Information Equipment Co., Ltd.		Financial assets at FVTPL - non-current	80,000	-	13.11	-	
	Taione International Ltd.		"	630,000	-	4.50	-	
	Drpacific-Greater China, Inc.		"	-	-	5.06	-	
	<u>Ordinary shares</u> Systex Corporation		Financial assets at FVTOCI - non-current	21,316,678	2,259,568	7.83	2,259,568	
	Monterey International Corp		Financial assets at FVTPL - non-current	1,196,371	12,402	4.68	12,402	
	Enova Technology Corp.		"	1,840,046	-	8.70	-	
	NITS Technology Inc.		"	3,910,646	-	5.83	-	
	<u>Mutual funds</u> PineBridge Global ESG Quantitative Bond Fund A.		Financial assets at FVTPL - current	968,720	8,588	-	8,588	
	<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	-	
Subordinate company - Systex Capital Group, Inc.	Tradetrek.com Inc.	Parent company	"	1,109,468	-	3.30	-	(Note 2)
	Sipix Technology Limited		"	279,919	-	0.24	-	
	Falcon Stor Software Inc.		Financial assets at FVTPL - current	4,000	129	0.07	129	
	MagiCapital Fund II, L.P.		Financial assets at FVTOCI - non-current	-	157,685	2.91	157,685	
	<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	48,405	11.60	48,405	
	<u>Other</u> Current Ventures II Limited		Financial assets at FVTOCI - non-current	2,500,000	-	4.20	-	
	<u>Ordinary shares</u> Far Eastern Electronic Toll Collection Co., Ltd.		Financial assets at FVTPL - non-current	7,716,831	77,789	2.57	77,789	
	Jetwell Computer Co., Ltd.		Financial assets at FVTPL - current	72,000	4,997	0.18	4,997	
	GrandTech C.G. Systems Inc.		Financial assets at FVTOCI - non-current	600,000	41,520	0.97	41,220	

(Continued)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company	Financial Statement Account	September 30, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Subordinate company - Syslink Corporation	<u>Preference shares</u> Taiwania Capital Buffalo Fund Preference Shares - Class A		Financial assets at FVTPL - non-current	92,600,000	\$ 73,987	2.15	\$ 73,987	(Note 3)
	<u>Limited partnership</u> Digital-Economy limited partnership		Financial assets at FVTPL - non-current	-	28,884	6.29	28,884	
	<u>Mutual funds</u> Allianz Global Investors US Short Duration High Income Bond Fund		Financial assets at FVTPL - current	3,000,000	31,763	-	31,763	
	Fuh Hwa Legend Fund VI		"	14,900,000	389,635	-	389,635	
	Yuanta Japan Leading Enterprise Fund - TWD (A)		"	3,015,075	29,397	-	29,397	
	Yuanta 0-2 Year Investment Grade Corporate Bond Fund - TWD (A)		"	2,000,000	21,228	-	21,228	
	<u>Corporate bond</u> Nan Shan Life Insurance Company, Ltd. 1st Perpetual Unsecured Subordinate Corporate Bond Issue in 2016		Financial assets at amortized cost - non-current	-	502,774	-	502,774	
	<u>Ordinary shares</u> Caloudi Corporation		Financial assets at FVTOCI - non-current	1,225,000	26,342	19.68	26,342	
	Ckmates International Co., Ltd.		"	2,370,000	19,036	19.01	19,036	
	AIWin Technology Co., Ltd.		Financial assets at FVTPL - current	180,000	3,600	10.64	3,600	
	<u>Ordinary shares</u> ISHARES A50 (2823.HK)		Financial assets at FVTPL - current	392,000	20,995	-	20,995	
	CSOP A50 (2822.HK)		"	397,000	20,198	-	20,198	
	<u>Mutual funds</u> ALLIANZ GLOBAL ARTIFICIAL INTELLIGENCE-CLASS AT ACC (USD)		Financial assets at FVTPL - current	15,768	11,072	-	11,072	
	ALLIANZ TOTAL RETURN ASIAN EQUITY-CLASS A DIS (USD)		"	10,167	10,092	-	10,092	
	ALLIANZ CHINA A SHARES SHS-AT (USD)		"	75,810	24,757	-	24,757	
	<u>Other</u> New Economy Ventures L.P		Financial assets at FVTPL - non-current	-	85,667	14.73	85,667	
	<u>Preference shares</u> XREX Inc.		Financial assets at FVTOCI - non-current	254,148	1,629	0.96	1,629	
	<u>Ordinary shares</u> SMY Internet of Package Co., Ltd.		Financial assets at FVTOCI - non-current	234,568	15,716	0.19	15,716	

(Continued)

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 \$2,774 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 NINE MONTHS ENDED SEPTEMBER 30, 2023  
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount (Note)	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount (Note)	Gain on Disposal	Number of Shares	Amount (Note)
Controlling company - Systex Corporation	<u>Mutual funds</u>													
	CTBC Huaying Money Market Fund	Financial assets at FVTPL - current	-	-	-	\$ -	47,306,246	\$ 530,000	47,306,246	\$ 530,559	\$ 530,000	\$ 559	-	\$ -
	Fuh Hwa Money Market Fund	"	-	-	-	-	25,561,533	375,000	25,561,533	375,349	375,000	349	-	-
	Capital Money Market Fund	"	-	-	11,600,930	190,000	17,356,124	285,000	28,957,054	475,780	475,000	780	-	-
	Taishin Ta-Chong Money Market Fund	"	-	-	13,174,412	190,000	10,022,041	145,000	23,196,453	335,868	335,000	868	-	-
	UPAMC James Bond Money Market Fund	"	-	-	11,218,908	190,000	11,184,172	190,000	22,403,080	380,969	380,000	969	-	-
	Jih Sun Money Market Fund	"	-	-	-	-	35,076,634	530,000	35,076,634	530,423	530,000	423	-	-
Subordinate company - Systex Software & Service Corporation	<u>Mutual funds</u>													
	Taishin Ta-Chong Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	32,454,166	470,000	32,454,166	470,581	470,000	581	-	-
	Mega Diamond Money Market Fund	Financial assets at FVTPL - current	-	-	-	-	36,362,468	465,000	36,362,468	465,624	465,000	624	-	-

Note: 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 NINE MONTHS ENDED SEPTEMBER 30, 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	Systex Software & Service Corporation	Subsidiary	Purchase	\$ 277,213	8	78 days after transaction month	\$ -	-	\$ (80,496)	5
	Dawning Technology Inc.	Subsidiary	Purchase	137,267	4	78 days after transaction month	-	-	(33,509)	2
	Palsys Digital Technology Corporation	Subsidiary	Purchase	399,963	11	78 days after transaction month	-	-	(14,127)	1
Subordinate company - Systex Software & Service Corporation	Systex Corporation	Parent company	Sale	(277,213)	4	78 days after transaction month	-	-	80,496	7
Subordinate company - Concord System Management Corporation	Palsys Digital Technology Corporation	Associate	Purchases	287,080	21		-	-	(89,718)	21
Subordinate company - Dawning technology Inc.	Systex Corporation	Parent company	Sale	(137,267)	6	78 days after transaction month	-	-	33,509	5
Subordinate company - Palsys Digital Technology Corporation	Systex Corporation Concord System Management Corporation	Parent company	Sale	(399,963)	25	78 days after transaction month	-	-	14,127	5
		Associate	Sale	(287,080)	18	78 days after transaction month	-	-	89,718	30
Subordinate company - Systex Group (China) Ltd.	Systex Ucom (Shanghai) Information Ltd. Co.	Associate	Purchase	182,969	10	120 days after transaction month	-	-	(73,008)	12
Subordinate company - Systex Ucom (Shanghai) Information Ltd. Co.	Systex Group (China) Ltd.	Associate	Sale	(182,969)	90	120 days after transaction month	-	-	73,008	82
Subordinate company - Rainbow Tech Information (HK) Ltd.	Systex Information (HK) Ltd.	Associate	Purchase	130,702	68	30 days after transaction month	-	-	(16,758)	68
Subordinate company - Systex Information (HK) Ltd.	Rainbow Tech Information (HK) Ltd.	Associate	Sale	(130,702)	13	30 days after transaction month	-	-	16,758	5

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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 93,952	Net 78 days	-
		Systex Software & Service Corporation	a	Cost of goods sold	277,213	Net 78 days	1
		Systex Software & Service Corporation	a	Receivables from related parties	41,815	Net 78 days	-
		Systex Software & Service Corporation	a	Payables to related parties	80,496	Net 78 days	-
		Syspower Corporation	a	Sales	17,009	Net 78 days	-
		Syspower Corporation	a	Cost of goods sold	54,548	Net 78 days	-
		Syspower Corporation	a	Receivables from related parties	10,120	Net 78 days	-
		Concord System Management Corporation	a	Sales	63,039	Net 78 days	-
		Concord System Management Corporation	a	Receivables from related parties	28,214	Net 78 days	-
		Systex Solutions Corporation	a	Sales	12,394	Net 78 days	-
		Systex Solutions Corporation	a	Receivables from related parties	6,033	Net 78 days	-
		Systex Solutions Corporation	a	Payables to related parties	2,367	Net 78 days	-
		Softmobile Technology Corporation	a	Cost of goods sold	6,530	Net 78 days	-
		Softmobile Technology Corporation	a	Service cost	37,214	Net 78 days	-
		Softmobile Technology Corporation	a	Receivables from related parties	2,350	Net 78 days	-
		Softmobile Technology Corporation	a	Payables to related parties	32,815	Net 78 days	-
		Nexsys Corporation	a	Sales	10,570	Net 78 days	-
		Nexsys Corporation	a	Service cost	14,287	Net 78 days	-
		Nexsys Corporation	a	Receivables from related parties	13,704	Net 78 days	-
		Nexsys Corporation	a	Payables to related parties	6,653	Net 78 days	-
		Taifon Computer Co., Ltd.	a	Sales	4,405	Net 78 days	-
		Taifon Computer Co., Ltd.	a	Receivables from related parties	4,963	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Sales	2,047	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Service cost	9,859	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Receivables from related parties	4,326	Net 78 days	-
		Top Information Technologies Co., Ltd.	a	Payables to related parties	2,710	Net 78 days	-
		Dawning Technology Inc.	a	Cost of goods sold	137,267	Net 78 days	1
		Dawning Technology Inc.	a	Payables to related parties	33,509	Net 78 days	-
		Naturint Corporation	a	Service cost	15,540	Net 78 days	-
		Naturint Corporation	a	Payables to related parties	5,471	Net 78 days	-
		Palsys Digital Technology Corporation	a	Sales	2,443	Net 78 days	-
		Palsys Digital Technology Corporation	a	Cost of goods sold	399,963	Net 78 days	2
		Palsys Digital Technology Corporation	a	Service cost	5,414	Net 78 days	-
		Palsys Digital Technology Corporation	a	Receivables from related parties	5,623	Net 78 days	-
		Palsys Digital Technology Corporation	a	Payables to related parties	14,127	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)
		UniXecure Corporation	a	Sales	\$ 2,383	Net 78 days	-
		UniXecure Corporation	a	Cost of goods sold	3,973	Net 78 days	-
		UniXecure Corporation	a	Service cost	11,363	Net 78 days	-
		UniXecure Corporation	a	Receivables from related parties	5,662	Net 78 days	-
		UniXecure Corporation	a	Payables to related parties	5,152	Net 78 days	-
		UniXecure Corporation	a	Disposal of property, plant and equipment and intangible assets	8,300	-	-
		Docutek Solutions, Inc.	a	Cost of goods sold	19,821	Net 78 days	-
		MISYS Corporation	a	Sales	8,495	Net 78 days	-
		MISYS Corporation	a	Cost of goods sold	14,242	Net 78 days	-
		MISYS Corporation	a	Service cost	33,357	Net 78 days	-
		MISYS Corporation	a	Receivables from related parties	10,567	Net 78 days	-
		Systek Information (Shanghai) Ltd.	a	Receivables from related parties	2,025	Net 90 days	-
1	Systex Software & Service Corporation	Systex Solutions Corporation	b	Sales	2,933	Net 78 days	-
		Systex Solutions Corporation	b	Service cost	5,716	Net 78 days	-
		Systex Solutions Corporation	b	Payables to related parties	7,820	Net 78 days	-
		Softmobile Technology Corporation	b	Service cost	5,096	Net 78 days	-
		Softmobile Technology Corporation	b	Payables to related parties	2,164	Net 78 days	-
		Taifon Computer Co., Ltd.	b	Sales	2,659	Net 78 days	-
		Dawning Technology Inc.	b	Cost of goods sold	38,649	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	20,285	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	75,706	Net 78 days	-
		Palsys Digital Technology Corporation	b	Service cost	2,437	Net 78 days	-
		Palsys Digital Technology Corporation	b	Payables to related parties	13,610	Net 78 days	-
		UniXecure Corporation	b	Cost of goods sold	12,630	Net 78 days	-
		UniXecure Corporation	b	Service cost	5,800	Net 78 days	-
		UniXecure Corporation	b	Payables to related parties	4,330	Net 78 days	-
		Systex Group (China) Ltd. (Systex China)	b	Sales	16,774	Net 90 days	-
		Systex Group (China) Ltd. (Systex China)	b	Receivables from related parties	8,747	Net 90 days	-
		Systex Rainbow Tech Inc.	b	Sales	17,552	Net 90 days	-
		Systex Rainbow Tech Inc.	b	Receivables from related parties	18,102	Net 90 days	-
		Systek Information (Shanghai) Ltd.	b	Sales	4,728	Net 90 days	-
		Systek Information (Shanghai) Ltd.	b	Receivables from related parties	4,951	Net 90 days	-
2	Syspower Corporation	Systex Solutions Corporation	b	Service cost	4,168	Net 78 days	-
		Naturint Corporation	b	Operating expenses	4,100	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	27,335	Net 78 days	-
		UniXecure Corporation	b	Cost of goods sold	2,055	Net 78 days	-
		UniXecure Corporation	b	Payables to related parties	2,564	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)
3	Concord System Management Corporation	Top Information Technologies Co., Ltd.	b	Service cost	\$ 4,095	Net 78 days	-
		Top Information Technologies Co., Ltd.	b	Payables to related parties	4,358	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	287,080	Net 78 days	1
		Palsys Digital Technology Corporation	b	Service cost	17,576	Net 78 days	-
		Palsys Digital Technology Corporation	b	Payables to related parties	89,718	Net 78 days	-
		Docutek Solutions, Inc.	b	Cost of goods sold	3,976	Net 78 days	-
		Syscore Corporation	b	Interest expense	2,244	Short-term financing, with a term of one year	-
		Syscore Corporation	b	Payables from related parties (including interest payables)	152,753	Short-term financing, with a term of one year	1
		Syslink Corporation	b	Interest expense	869	Short-term financing, with a term of one year	-
4	Systex Solutions Corporation	Dawning Technology Inc.	b	Cost of goods sold	16,131	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	8,674	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	23,746	Net 78 days	-
		Palsys Digital Technology Corporation	b	Payables to related parties	14,156	Net 78 days	-
		UniXecure Corporation	b	Cost of goods sold	2,121	Net 78 days	-
		UniXecure Corporation	b	Service cost	22,785	Net 78 days	-
		UniXecure Corporation	b	Payables to related parties	16,413	Net 78 days	-
5	Nexsys Corporation	Dawning Technology Inc.	b	Cost of goods sold	2,167	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	2,379	Net 78 days	-
6	Taifon Computer Co., Ltd.	Dawning Technology Inc.	b	Cost of goods sold	19,234	Net 78 days	-
		Dawning Technology Inc.	b	Payables to related parties	4,843	Net 78 days	-
		Palsys Digital Technology Corporation	b	Cost of goods sold	7,250	Net 78 days	-
7	Top Information Technologies Co., Ltd.	Docutek Services Corporation	b	Service cost	6,435	Net 78 days	-
		Docutek Services Corporation	b	Payables to related parties	6,757	Net 78 days	-
		MISYS Corporation	b	Cost of goods sold	6,712	Net 78 days	-
		MISYS Corporation	b	Service cost	12,993	Net 78 days	-
		MISYS Corporation	b	Payables to related parties	10,976	Net 78 days	-
		MISYS Corporation	b	Disposal of property, plant and equipment and intangible assets	2,020	-	-
8	UniXecure Technology Corporation	Docutek Solutions, Inc.	b	Sales	2,989	Net 78 days	-
		Docutek Solutions, Inc.	b	Cost of goods sold	18,864	Net 78 days	-
		Docutek Solutions, Inc.	b	Receivables from related parties	2,228	Net 78 days	-
		Docutek Solutions, Inc.	b	Payables to related parties	7,520	Net 78 days	-
9	Docutek Solutions, Inc.	Docutek Services Corporation	b	Service cost	10,906	Net 78 days	-
		Docutek Services Corporation	b	Payables to related parties	2,609	Net 78 days	-
10	Syslink Corporation	Palsys Digital Technology Corporation	b	Interest revenue	1,753	Short-term financing, with a term of one year	-
		Palsys Digital Technology Corporation	b	Receivables from related parties (including interest receivables)	161,753	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)
11	Systex Group (China) Ltd.	Systex Rainbow Tech Inc.	b	Sales	\$ 15,144	Net 120 days	-
		Systex Rainbow Tech Inc.	b	Cost of goods sold	4,236	Net 120 days	-
		Systex Rainbow Tech Inc.	b	Service cost	2,547	Net 120 days	-
		Systex Rainbow Tech Inc.	b	Interest revenue	2,042	Short-term financing, with a term of one year	-
		Systex Rainbow Tech Inc.		Receivables from related parties (including interest receivables)	98,881	Short-term financing, with a term of one year	-
		Systex Rainbow Tech Inc.		Payables to related parties	7,625	Net 120 days	-
		Systek Information (Shanghai) Corporation	b	Interest revenue	306	Short-term financing, with a term of one year	-
		Systek Information (Shanghai) Corporation	b	Receivables from related parties (including interest receivables)	8,989	Short-term financing, with a term of one year	-
		Systek Information (Shanghai) Corporation		Payables to related parties	238,214	According to the conditions	1
		Systek Information (Shanghai) Corporation		Acquisition of investments accounted for using the equity method (Systex Rainbow Tech Inc.)	238,214	According to the conditions	1
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Sales	16,681	Net 120 days	-
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Cost of goods sold	182,969	Net 120 days	1
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Receivables from related parties	7,468	Net 120 days	-
		Systex Ucom (Shanghai) Information Ltd. Co.	b	Payables to related parties	73,008	Net 120 days	-
12	Sysware Shenglong Information Systems Corporation	Systek Information (Shanghai) Corporation	b	Interest revenue	1,301	Short-term financing, with a term of one year	-
		Systek Information (Shanghai) Corporation	b	Receivables from related parties (including interest receivables)	42,699	Short-term financing, with a term of one year	-
13	Systex Rainbow Tech Inc.	Systex Rainbow (Shanghai) Information Ltd. Co.	b	Sales	10,482	Net 120 days	-
		Systex Rainbow (Shanghai) Information Ltd. Co.	b	Receivables from related parties	5,143	Net 120 days	-
14	Systex Information (HK) Ltd.	Rainbow Tech Information (HK) Corporation	b	Sales	226,750	Net 30 days	1
		Rainbow Tech Information (HK) Corporation	b	Receivables from related parties	58,804	Net 30 days	-

Note 1: The method of filling in the number:

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

Note 2: Categories of relationships:

- Parent to subsidiary.
- 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 NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 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	\$ 3,607	\$ -	\$ -	-
	Hanmore Investment Corporation	Taiwan	General investment activities	47,125	47,125	9,640,680	48.92	29,410	107,320	360	Subsidiary (1, 3)
	Ching Pu Investment Corporation	Taiwan	General investment activities	30,775	50,472	23,437,500	100.00	484,983	119,744	65,383	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	504,390	93,136	91,210	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	35,769	(54,200)	(17,690)	-
	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	291,191	21,956	22,599	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	47,910	57,360	8,201	-
	Golden Bridge Corporation	Taiwan	General investment activities	230,000	230,000	23,000,000	100.00	295,442	33,108	33,108	Subsidiary (3)
	Systex Software & Service Corporation	Taiwan	Sale and development of computer software, data-processing services	450,000	450,000	54,450,000	100.00	1,180,792	378,886	378,522	Subsidiary (3)
	Syspower Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	15,195	15,195	1,096,200	4.67	19,967	35,970	1,614	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	325,753	41,155	42,126	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	248,852	43,222	27,522	Subsidiary (3)
	Systex Capital Group, Inc.	British Virgin Island	Investment activities including financial trust and holding	91,695	91,695	550	100.00	2,684,533	178,850	176,968	Subsidiary (3)
	Kimo.com (BVI) Corporation	British Virgin Island	Investment activities including financial trust and holding	13,185	13,185	500,000	100.00	4,413,022	199,449	197,280	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	16,444	(4,712)	(4,718)	Subsidiary (3)
	FinRobo Advisor Securities Investment Consulting Co., Ltd.	Taiwan	Securities investment advisor	16,500	16,500	1,016,293	30.00	-	(3,083)	-	-
	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	10,800	1,102	424	-
	Shengsen Cloud Technology	Taiwan	Information software service	-	10,800	-	-	-	-	2,561	Note 4
	Retail System Co.	Taiwan	Manufacturing, processing, assembling and sale of business machinery equipment	-	24,000	-	-	-	-	1,695	-

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2023	December 31, 2022	Number of Shares	Ratio (%)	Carrying Amount			
Ching Pu Investment Corporation	Frog-jump Information Co., Ltd. GenSys Technology (International) Ltd.	Taiwan Hong Kong	Information software service Design, assessment and planning of computer system and application software and data-processing system	\$ 18,969 31,640	\$ 18,969 31,640	863,202 8,000,000	10.00 33.60	\$ 13,107 -	\$ 11,987 (2,178)	\$ 1,309 -	- -
	Genesis Technology Inc.	Taiwan	Wholesale of electronic apparatus, electronic equipment, computer and computer peripheral equipment, planning, analyzing and design of system, data processing, co-location and internet hosting services	798,172	798,172	27,693,289	27.90	1,038,702	229,432	42,140	-
	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	93,862	2,588	1,973	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	81,758	60,687	15,257	-
	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	41,408	4,409	2,971	Subsidiary (3)
	Collaboration Co., Ltd. UniXecure Corporation	Taiwan Taiwan	General investment activities Design, construction and sale of telecom instrument, electronic calculator and computer	200,015 150,000	200,015 50,000	6,160,000 15,000,000	44.55 100.00	194,239 105,527	8,453 (37,042)	3,300 (36,614)	- Subsidiary (3)
	Docutek Solutions, Inc.	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	286,000	286,000	7,568,413	54.92	274,679	65,117	32,301	Subsidiary (3)
	MISYS Corporation	Taiwan	Information software service	100,000	100,000	10,000,000	100.00	67,108	(32,629)	(32,629)	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	25,052	64	-	Subsidiary (3)
	Investment Media Ltd. Syspower Corporation	Taiwan Taiwan	Magazine and book publishing Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	95,600 162,789	95,600 162,789	4,000,000 9,052,889	40.00 38.60	79,041 166,062	15,798 35,970	- -	- Subsidiary (3)
	Syspower Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	189,023	189,023	10,331,022	44.05	189,508	35,970	-	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	66,596	17,377	-	Subsidiary (3)
	Syscore Corporation	Taiwan	General investment activities	1,400,000	1,400,000	140,000,000	100.00	1,336,354	136,612	-	Subsidiary (3)
Syscore Corporation	Syslong Corporation	Taiwan	General investment activities	250,000	250,000	25,000,000	100.00	253,603	1,842	-	Subsidiary (3)
	Neweb Information Co., Ltd.	Taiwan	Setup and maintenance of computer room, maintenance and setup of system integration, cloud system integration service, management and maintenance of system and database, backup storage service, setup and consultation of internet and information security	93,000	93,000	3,100,000	30.22	54,667	35,153	-	-

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2023	December 31, 2022	Number of Shares	Ratio (%)	Carrying Amount			
Syslink Corporation	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	\$ 24,115	\$ 9,423	\$ -	-
	Genesis Technology Inc.	Taiwan	Wholesale of electronic apparatus, electronic equipment, computer and computer peripheral equipment, planning, analyzing and design of system, other data processing, co-location and internet hosting services	71,994	71,994	3,906,996	3.94	143,270	229,432	-	-
	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	12,221	(603)	-	Subsidiary (3)
	Syswiser Technology Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	10,000	10,000	1,000,000	100.00	4,604	(1,782)	-	Subsidiary (3)
	Palsys Digital Technology Corporation	Taiwan	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	272,351	-	24,794,862	79.26	290,269	36,551	-	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	669,571	58,648	-	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	-	-	-	(10,251)	-	Note5
	CKmates International Co., Ltd.	Taiwan	Type II telecommunications business, internet certificates service, and retail sale of computer software	-	60,002	-	-	-	(6,771)	-	Note4
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	200,338	6,538	-	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	831,725	48,532	-	Subsidiary (3)
	Systex Solutions (HK) Limited	Hong Kong	Investment activities including financial trust and holding	316,050	316,050	10,400,000	100.00	368,031	11,130	-	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	67,081	4,762	-	Subsidiary (3)
	Syscore Corporation	Taiwan	General investment activities	1,600,000	1,600,000	160,000,000	55.17	1,903,208	271,252	-	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	17,992	(4,224)	-	Subsidiary (3)
	QFPay Haojin FinTech Limited	Hong Kong	Online and offline mobile payment, one-stop smart collection and trade, Information Technology Services	146,309	95,574	85,834	28.61	135,993	(1,390)	-	-
System Capital Group, Inc.	Aillumission Co., Ltd.	Japan	Mobile Network Construction, ICT infrastructure Construction, DX/ICT solution services, AI consultations	106,435	106,435	200	20.00	100,518	(10,485)	-	-
	Syscore Corporation	Taiwan	General investment activities	1,300,000	1,300,000	130,000,000	44.83	1,546,357	271,252	-	Subsidiary (3)

(Continued)

Investor Company	Name of Investee	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2023	December 31, 2022	Number of Shares	Ratio (%)	Carrying Amount			
Syspower Corporation	Palsys Digital Technology Corporation	Taiwan	Sale of computer peripheral equipment and office machines, design of computer system and professional repairs services	\$ -	\$ 193,500	-	-	\$ -	\$ 36,551	\$ -	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	5,406	(33,672)	-	-
Systex Software & Service Corporation	Smartsys Technology Corporation	Taiwan	Design, installation and maintenance of computer information and communication engineering, and design and sale of computer system software	15,000	15,000	1,500,000	50.00	12,221	(603)	-	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	32,836	(5,996)	-	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	30,375	(5,850)	-	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 % (the ownership percentage owned by the Corporation).

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

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

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

Note 6: Refer to Table 9 for information on investments in Mainland China.

(Concluded)

**TABLE 9**

**SYSTEX CORPORATION AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2023	Accumulated Repatriation of Investment Income as of September 30, 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	(12,790)	100.00	(12,790)	372,251	-	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	(4,966)	100.00	(4,966)	54,881	-	Subsidiary (Note 2)
Systex Group (China) Ltd.	Management consultation, marketing and sale, and capital and operation financial management	292,700	b	292,700	-	-	292,700	(17,602)	100.00	(17,602)	153,316	-	Subsidiary (Note 2)
Systex Rainbow Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	(4,818)	100.00	(4,818)	301,233	-	Subsidiary (Note 2)
Systex Ucom (Shanghai) Information Ltd. Co.	Software design and data processing, retailing and service of software	-	b	-	-	-	-	756	100.00	756	42,099	-	Subsidiary (Note 2)
Sunlight-tech Inc.	Manufacture of Internet-related software and hardware systems, video service systems, audio and video on-demand systems, multimedia and network video equipment	551,210	b	220,484	-	-	220,484	-	40.00	-	-	-	-
Shanghai Mudao Financial Information Service Co., Ltd.	Financial information services, computer software development and technology development, technology transfer, technology consulting, technical services, consulting and research in market information, asset management, supply chain management, investment management, investment consulting, business information consulting, financial consulting in the fields of computer technology, information technology and data technology.	14,504	b	-	-	-	-	(670)	29.62	-	-	-	-
Systex Rainbow (Shanghai) Tech Inc.	Research, development, installation and wholesale of software and hardware technique and internet system	-	b	-	-	-	-	5,629	100.00	5,629	9,097	-	Subsidiary (Notes 2 and 3)

Accumulated Investment in Mainland China as of September 30, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$1,695,956	\$1,695,956	\$8,547,529

(Continued)

Note 1: The methods of investment are as follows:

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

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

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  
SEPTEMBER 30, 2023**

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

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

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