

SYSTEMEX



Handbook for the 2018 Annual Meeting of Shareholders



SYSTEMEX CORPORATION

Stock Code: 6214

MEETING TIME: 06 15, 2018

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Systemx Corporation

2018 Annual Shareholders' Meeting

Time: 9:00 a.m., Friday, June 15, 2018

Place: Liberty Square Convention Center

(2F, 399, Rueiguang Rd., Neihu District, Taipei City.)

I. Meeting Procedure:

- i. Call Meeting to Order
- ii. Chairman's Address
- iii. Report Items
- iv. Ratification Items
- v. Discussion Items
- vi. Extemporaneous Motions
- vii. Meeting Adjourned

II. Meeting Agenda:

- i. Report Items:
 1. 2017 Business report and Financial statements.
 2. Audit Committee's review report on 2017 Financial Statements.
 3. 2017 directors' and employees' compensation.
 4. 2017 execution status of Endorsements and Guarantees.
- ii. Ratification Items:
 1. 2017 Business report and Financial statements.
 2. 2017 retained earnings distribution.
- iii. Discussion Items:
 1. To discuss and approve the cash distribution from Capital Surplus.
- iv. Extemporaneous Motions
- v. Meeting Adjourned

Report Items

1. 2017 Business report and Financial statements

Explanatory Note:

(1)Please refer to Attachment 1 (pages 06-10) for the Business Report.

(2)Please refer to Attachment 2 (pages 11-22) for the Financial statements.

2. Audit Committee's review report on 2017 Financial Statements.

Explanatory Note: Please refer to Attachment 3 (page 23).

3. To report 2017 directors' and employees' compensation.

Explanatory Note:

The Company's 2017 employees' remuneration of NT\$1,215,848 and Directors remuneration of NT\$24,316,970 are issued entirely in cash in accordance with the Company's "Articles of Incorporation."

4. To report 2017 execution status of Endorsements and Guarantees.

Explanatory Note:

(1)The Company's balance amount of endorsements and guarantees for subsidiaries as of December 31, 2017 is NT\$2,257,160,000.

(2)The report on endorsements and guarantees is hereby submitted to the shareholders' meeting in accordance with the Company's Procedures for Making Endorsements and Guarantees.

Ratification Items

1. Ratification of the 2017 Business report and Financial Statements. (Proposed by the Board of Directors)

Explanatory Note:

The Company's 2017 financial statements have been formulated in accordance with regulations. The statements have been audited by the CPA and reviewed by the Audit Committee; no inconsistencies have been found. Related information has been provided in Attachments 1-3 (pages 06-23).

Resolution:

2. Ratification of 2017 retained earnings distribution proposal. (Proposed by the Board of Directors)

Explanatory Note:

(1) The Company's net income after taxes in 2017 of NT\$1,177,748,998 (denomination same below), plus undistributed earnings from the previous year of \$1,563,116,825, minus the retained earnings for long-term share investment adjustment of \$2,484,994 and the actuarial (loss) gains listed in retained earnings of \$29,482,000 equals the amount available for distribution of \$2,708,898,829. Excluding the legal reserve of \$117,774,899 and special reserve of \$388,833,163, the proposed cash dividend is \$2.5 per share. Calculated on the basis of the total number of 269,393,304 shares issued by the Company, the dividends total \$673,483,260.

(2) In compliance with the calculation of the undistributed surplus earnings provided in Article 66-9 of the Income Tax Act, the earnings from 2017 are prioritized for distribution.

(3) The shareholders' meeting is requested to authorize the Chairman to process related matters regarding the baseline date for cash dividends and the issuance of cash dividends following resolution in the general shareholders' meeting.

(4) With regard to the preceding distribution proposal, the Chairman is authorized to process related matters if the Company transfers (or repurchases) the Company's shares or transfers, converts, or cancels the Company's treasury stocks and causes changes to the number of shares in external circulation and changes in the distributable dividends per share before the baseline date of the distribution of dividends in accordance with Article 28-2 of the Securities and Exchange Act.

(6) The 2017 earning distribution table has been provided in Attachment 4 (page 24).

Resolution:

Discussion Items

1. Discussion of the distributing cash dividends from the Capital Surplus. (Proposed by the Board of Directors)

Explanatory Note:

- (1)The value of the capital reserve in the Company's 2017 Financial Report exceeding the income on premiums of stocks issued at values exceeding their nominal value was NT\$5,638,241,727 (denomination same below). The proposal, in accordance with Article 241 of the Company Act, includes setting aside cash of \$673,483,260 to be distributed to shareholders from the income on premiums of stocks issued at values exceeding their nominal value.
- (2)The Company has issued a total of 269,393,304 shares. The dividend from the capital reserve is proposed at \$2.5 per share for a total of \$673,483,260, which shall be distributed based on the number of shares held by each shareholder in accordance with the Company's shareholders list on the baseline date. The shareholders' meeting is requested to authorize the Chairman to process related matters regarding the baseline date for issuing the capital reserve and the issuance of capital reserve following resolution in the shareholders' meeting.
- (3)The Chairman is authorized to process related matters if the Company hereafter transfers (or repurchases) the Company's shares or transfers, converts, or cancels the Company's treasury stocks and causes changes to the number of shares in external circulation and changes the distribution of capital reserve before the baseline date of the distribution of capital reserve in accordance with Article 28-2 of the Securities and Exchange Act.
- (4)Regarding the current proposal to distribute cash dividend from the Company's capital reserve, income on premiums of stocks issued at values exceeding their nominal value in the capital reserve from before January 1, 2007 shall be prioritized for distribution.

Resolution:

Extemporary Motions

Meeting Adjourned

Attachment 1

Systemex Corporation 2017 Business report

I. Foreword

SYSTEX's goal in 2017 was to become the "best partner for digital transformation for Enterprise" and assist corporate customers in their digital transformation. In the face of emerging technologies and changes in consumer behavior, corporate digital transition is a must. We may have encountered numerous challenges in the process, but the hard work of the management team and our employees have led to continued growth in company revenue which reached record heights in 2017.

II. Summary of 2017 Operational Outcomes

In 2017, SYSTEX's revenues of NT\$ (same below) 5,900,195,000, a 2.92% increase from 2016. Our net profit after tax in 2017 was \$1,177,749,000. The consolidated revenue in 2017 was \$16,874,279,000, an increase of 4.10% from 2016. The consolidated net income attributable to owners of the corporation in 2017 (excluding non-controlling interests) was \$1,177,749,000 and earnings per share were \$4.79.

III. Summary of 2017 Business Operations and Services

In 2017, SYSTEX implemented digital transition for enterprise customers based on ecosphere management with business integration including financial business, consumer business, digital technology business, and Chinese market.

■ FBI (Financial Business Integration)

The Company continued to provide innovative financial services with the "FundRich Securities Trading Platform" built for FundRich Securities in 2016. In 2017, we provided services including integration of the Robot Advisor to make "FundRich Securities Trading Platform" the largest cash flow service system for funds in Taiwan and achieved a transaction volume of NT\$34 billion in 2017. We led the industry by launching the LINE@Wealth Management Secretary and using our self-developed natural language processing (NLP) and machine learning technologies to power the database. Investors can interact with the Wealth Management Robot verbally or through text to satisfy their demand for mobile wealth management including news subscription, inquiries of wealth management information, and online account opening. The Company worked with leading international fund company Morning Star in launching the "Robo-Advisor

ONE" robot wealth management consultant and used core technologies in robotic wealth management to continue update fund research data and improve automatic transaction execution capabilities. It provides investors with more choices and combinations in asset allocation.

The Company also provides diverse app services to meet demands for corporate digital transformation. We develop smart mobile claim platforms for customers in the insurance industry that integrate onsite photography for accidents, drawing functions, and mobile upload of claim documents to help the insurance industry provide quicker insurance claim services. In addition, the Company also tests various innovation applications for the first time and integrated insurance services with fitness wrist bands to display various health-related information on the app. We entered a new realm of customized insurance policies and established new milestones for the development of applications in the insurance industry.

■ CBI (Consumer Business Integration)

After our success with Starbucks, we succeeded in collaborating with McDonald in the launch of the first "Value Card" in the world that integrated "stored value, consumption, and points for products" in 2017. The Value Card is used as a digital tool for membership marketing and management that facilitates McDonald's digital transformation. The " SYSTEX Mobile Voucher Service" integrates online and offline services and allows consumers to use electronic serial numbers or electronic coupons for the exchange of gifts in all stores across Taiwan. It not only eases companies' pressure from inventories but also helps them with management. Customers included leading domestic chain retailers and restaurants: Starbucks, Sushi Express, Simple Mart etc. We introduced the service robot Pepper and developed applications for different scenarios including greeting guests, making presentations, and shopping assistance. We expanded digital government projects, implemented flexible use of Citizen Cards, integrated technologies such as AR, VR, and beacons, constructed two smart cities for Taoyuan and New Taipei City, and assisted governments in their digital transformation. We entered the smart billing sector and adopted NLP technologies to build interactive interfaces on LINE and management personal bills. We executed projects to provide financial institutions with AI wealth management platform services including the establishment of digital channels and digital branch institutions.

■ DBI (Data Technology Business Integration)

We made use of core capabilities in software integration and built software-defined data centers to provide customers in the telecommunication

and finance industry with large-scale private clouds and established the foundations for digital transformation. In response to the massive and diverse data generated in the rapid development of the Internet of Things (IoT), our information security services also began to make use of AI and machine learning technologies and we helped more than 300 customers build information security protection frameworks. We continue to distribute and introduce advanced technologies and products from foreign countries and provide multiple product portfolios to satisfy customer demands for digital transformation. In 2017, the Company ranked first in providing Microsoft services to large corporate clients and won the VMware Best Sales Performance Growth Award, HPE Best Partner Award, and Symantec and Lenovo's Excellent Distributor Awards.

■ China Market

Our China HQ serves 20,000 corporate customers in China and Hong Kong including companies in manufacturing, retail, e-commerce, finance, tourism, healthcare, and logistics. The revenue in 2017 accounted for more than 20% of the Group's total revenue. We work closely with first-rate international companies to distribute diverse products and provide customers with diverse products. The Company uses advanced technologies to cultivate industry applications and provides IT services and solutions. We focus on professional information security services in Hong Kong.

IV. The effect of external competition, the legal environment, and the overall business environment

Protectionism has risen in the United States since Donald Trump took office and has affected international politics. Taiwan's economy faces the Labor Law adjustment and social security reforms have also led to widespread discussion. In terms of technology policies, the Ministry of Science and Technology has initiated the "AI Innovation and Research Center" program and plans to invest NT\$16 billion in 5 years to subsidize related research programs and cultivate AI talents to build an AI innovation ecosphere in Taiwan. In addition, Taiwan's Financial Regulatory Sandbox was also passed at the end of last year and it is expected to encourage companies to invest in innovative financial technology applications and assist industry development. Uncertainty in the overall environment brings forth many challenges to corporate growth while offering ample hidden opportunities for growth.

V. The summary of the business plan for 2018

AI is a crucial technology that will lead industrial development in the next 10 years; it is also the key to driving industrial growth. SYSTEX's goal for this year is to become

the "best partner for digital transformation for Enterprise", and we will remain committed to customers by integrating various applications in different industries, focusing on user experience, and advancing AI for Industry Application (AI4IA). The Company will continue to enhance our three core capabilities in data, software, and artificial intelligence and continue to engage in innovative applications and increase the value of its services, lead the integration of the digital ecosystem, and endeavor to acquire maximum client budgets in digital transition and data added-value services.

■ Develop AI to drive room for growth

The Company positions itself as the "best partner for digital transformation for Enterprise" and focuses on customers and their experience. The first step is to improve data assets and use external purchases, exchanges, or independent methods to build data assets as the basis for machine learning and analyses. At the same time, the Company shall also optimize internal and external talent pools and use technology exchanges and learning to enhance experience design capabilities.

The Company will grasp opportunities for growth made possible by AI in the development of each industry including the government's Foresight Policies, financial information security and regulatory technology (RegTech) opportunities, AI development and mobile applications for intelligent healthcare services, comprehensive payment/channel guest greeting and shopping assistance services, intelligent manufacturing and innovation IoT applications, strategic alliance with major international AI companies/unicorns such as SenseTime and iFlytek, introduction of audio/facial recognition technologies, and advancement of smart customer services and related marketing innovative applications.

■ From digitalization to data

We will focus on the development of AI in corporate applications and comprehensive payment/channel experience in the retail sector, and integrate Enterprise Resource Planning (ERP) systems and data management applications for general manufacturing and advance toward intelligent manufacturing. The Company will develop smart financing centered on FinTech to accommodate the demand of customers in the finance industry and provide services to large-scale financial holding companies to develop AI for FinTech. We shall create robot investment and wealth management platforms, implement RegTech, and build related applications for insurance technology (InsurTech). Our main directions include smart financing, market price prediction, AI audio recognition/control, integrated investor services, upgraded wealth management services, etc.

VI. Future development strategy

From the advancement of Internetization in Business 1.0, mobile technologies in Business 2.0, and digitalization in Business 3.0 to the emphasis on data in the upcoming phase of Business 4.0, the key to success now lies in creating a second growth curve with the use of AI. SYSTEX possesses profound knowledge of the industry and vast experience in industrial applications. We have abundant and diversely talented employees who can assist companies in cross-sector technology integration. From the cloud to mobile applications or from digital to data technologies, SYSTEX's core capability is utilizing technologies to enhance experience and we are also the best partner for employing AI in corporate applications. With regard to AI development, SYSTEX has adopted two major strategies including the AI for Industry Application (AI4IA) and AI@IA. AI4IA provides industries with applications and solutions to intensify smart industry applications. AI@IA provides platforms for use by different corporate customers and places smart industrial applications on platforms to help companies monetize from data.

The Company has invested resources to cultivate 100 group-certified AI technology experts and organized situations design programs to train designers that focus on industrial application intelligent. The Company develops applications for individual industries including intelligent finance, retail, operations, and life. We cooperate with leading AI technology companies and research institutes to construct visual recognition services and develop audio/semantic/emotion recognition services to transform AI technologies into industrial applications that can be seen, implemented, and used.

In addition to obtaining stable profits in the China market, the Company shall also partner with local companies to expand independent operations. It shall also develop its own products by acquiring products and teams with forward-looking technologies that are compatible with market demands. The Company is also actively seeking investment opportunities in healthcare, cloud, big data, and IoT in China or participation in collaborative businesses with new industries in China to drive momentum for growth.

| | |
|--------------------|------------------|
| Chairman | Huang, Tsong-Jen |
| President | Lin, Lung-Fen |
| Accounting Manager | Cheng, Yuan-Yih |

Attachment 2

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Systex Corporation

Opinion

We have audited the accompanying consolidated financial statements of Systex Corporation and its subsidiaries (collectively, the Group), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors (refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Group's consolidated financial statements for the year ended December 31, 2017 are addressed as follows:

Valuation of Inventory

As of December 31, 2017, inventories amounted to \$2,910,565 thousand, significant to the Group. The valuation of inventory write-down involves subjective judgements, including identification of slow-moving and obsolete inventories, estimation of net realizable value, and provision for loss due to changes in economic conditions, etc. Therefore, we consider the valuation of inventory as a key audit matter. For the disclosures related to inventories, refer to Notes 5 and 11 to the consolidated financial statements.

Our audit procedures for the abovementioned key audit matter included:

1. We obtained and assessed the report of lower of cost or net realizable value prepared by management. We examined the amounts and categories in the aging analysis report of inventories. We assessed the reasonableness of net realizable value by sampling the latest and post year-end sales.
2. We attended year-end inventory counts and assessed the condition of inventories to evaluate the completeness of inventory provisions for obsolete and damaged goods.

Valuation of Accounts Receivable

As of December 31, 2017, accounts receivables amounted to \$3,217,198 thousand, an amount significant to the Group. The assessment of the recoverability of accounts receivable involves the use of critical judgements, and, assumptions about credit risk, impairment rates and possible changes in economic conditions, etc. Therefore, we consider the valuation of accounts receivable as a key audit matter. For the disclosures related to accounts receivable, refer to Notes 5 and 10 to the consolidated financial statements.

Our audit procedures for the abovementioned key audit matter included:

1. We obtained the reports of accounts receivable impairment and we assessed the reasonableness of the methodology and data used in the reports as well as the consistency of the reports. In order to evaluate the adequacy of the allowance for doubtful accounts, we reviewed the related calculation and validated the aging amounts as of the balance sheet date to understand and measure the potential risk in overdue balances.
2. We tested the recoverability of accounts receivables by verifying cash receipts in the subsequent period. For a receivable that was past due and not yet received, we assessed the reasonableness of the allowance for the doubtful accounts based on the customer's payment history, the bank's guarantee provided, and our understanding of the economic environment.

Other Matter

We did not audit the financial statements as of and for the years ended December 31, 2017 and 2016 of SoftMobile Technology Corporation, Rainbow Tech Information (HK) Limited and Systex Information (H.K.) Ltd., which are all consolidated subsidiaries. The aggregate assets of these subsidiaries as of December 31, 2017 and 2016 amounted to \$468,683 thousand and \$505,825 thousand, respectively, or 2.42% and 2.65% of the respective consolidated assets. The aggregate net operating revenues of these subsidiaries in 2017 and 2016 were \$1,183,995 thousand and \$1,126,067 thousand, respectively, or 7.02% and 6.95% of the respective consolidated net operating revenues. We also did not audit the financial statements as of and for the year ended December 31, 2017 of Sanfran Technologies, Mohist Web Technology Co., Limited and Forms

Syntron Information (Shenzhen) Limited, and the financial statements as of and for the year ended December 31, 2016 of Sanfran Technologies Inc. and Forms Syntron Information (Shenzhen) Limited, the investments in which were accounted by the equity method in the accompanying consolidated financial statements. The aggregate carrying amounts of these investments accounted by equity method as of December 31, 2017 and 2016, including those reclassified to noncurrent assets held for sale, were \$801,036 thousand and \$838,453 thousand, respectively, or 4.14% and 4.39% of the respective consolidated assets. The aggregate amounts of the share in their profit and other comprehensive income in 2017 and 2016 were \$40,158 thousand and \$4,339 thousand, respectively, or 5.34% and 0.5% of the respective consolidated comprehensive income. The financial statements of the abovementioned subsidiaries and investees were audited by other auditors whose reports have been provided to us and, our opinion, insofar as it relates to the amounts included for these subsidiaries and investees, is based solely on the reports of the other auditors.

We have also audited the parent company only financial statements of Systex Corporation as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified report with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Wan Lin and Shiow-Ming Shue.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2018

Notice to Readers

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

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

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

| ASSETS | 2017 | | 2016 (Audited after Restated) | |
|--|----------------------|------------|----------------------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Notes 4 and 6) | \$ 3,708,235 | 19 | \$ 4,245,282 | 22 |
| Financial assets at fair value through profit or loss (Notes 4 and 7) | 3,222,285 | 17 | 2,879,956 | 15 |
| Available-for-sale financial assets (Notes 4 and 8) | 16,561 | - | 18,984 | - |
| Debt investments with no active market - current (Notes 4 and 9) | 357,120 | 2 | 102,339 | 1 |
| Notes receivable, net (Notes 4 and 10) | 64,837 | 1 | 67,579 | - |
| Accounts receivable, net (Notes 4, 5, 10 and 25) | 3,217,198 | 17 | 3,304,915 | 17 |
| Other receivables (Notes 20 and 26) | 204,277 | 1 | 217,270 | 1 |
| Inventories (Notes 4, 5 and 11) | 2,910,565 | 15 | 2,422,283 | 13 |
| Prepayments | 836,115 | 4 | 850,922 | 5 |
| Non-current assets held for sale (Notes 4 and 14) | - | - | 96,546 | 1 |
| Refundable deposits - current | 220,715 | 1 | 210,691 | 1 |
| Other current assets | 63,149 | - | 53,754 | - |
| Total current assets | 14,821,057 | 77 | 14,470,521 | 76 |
| NON-CURRENT ASSETS | | | | |
| Financial assets measured at cost - non-current (Notes 4 and 12) | 509,150 | 3 | 432,971 | 2 |
| Debt investments with no active market-non-current (Notes 4 and 9) | 574,400 | 3 | 548,375 | 3 |
| Investments accounted for using equity method (Notes 4 and 14) | 1,153,527 | 6 | 1,191,205 | 6 |
| Property, plant and equipment (Notes 4, 15 and 26) | 1,940,525 | 10 | 2,009,673 | 11 |
| Computer software (Note 4) | 51,368 | - | 79,585 | 1 |
| Technological expertise (Note 4) | - | - | 25,951 | - |
| Other intangible assets (Note 4) | - | - | 7,215 | - |
| Deferred tax assets (Notes 4 and 20) | 54,870 | - | 66,702 | - |
| Refundable deposits - non-current (Note 27) | 162,086 | 1 | 116,676 | 1 |
| Long-term receivables (Notes 4 and 10) | 4,944 | - | 54,195 | - |
| Other non-current assets (Note 26) | 92,243 | - | 79,559 | - |
| Total non-current assets | 4,543,113 | 23 | 4,612,107 | 24 |
| TOTAL | \$ 19,364,170 | 100 | \$ 19,082,628 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term loans (Notes 16 and 26) | \$ 1,460,053 | 7 | \$ 1,046,022 | 5 |
| Notes and accounts payable (Note 25) | 3,100,522 | 16 | 2,953,992 | 15 |
| Other payables | 902,169 | 5 | 901,816 | 5 |
| Current tax liabilities (Notes 4 and 20) | 62,039 | - | 168,439 | 1 |
| Receipts in advance | 1,081,130 | 6 | 882,226 | 5 |
| Other current liabilities | 160,581 | 1 | 112,090 | 1 |
| Total current liabilities | 6,766,494 | 35 | 6,064,585 | 32 |
| NON-CURRENT LIABILITIES | | | | |
| Deferred tax liabilities (Notes 4 and 20) | 5,023 | - | 5,894 | - |
| Net defined benefit liabilities - non-current (Notes 4 and 17) | 263,637 | 1 | 246,379 | 1 |
| Other non-current liabilities | 6,860 | - | 6,575 | - |
| Total non-current liabilities | 275,520 | 1 | 258,848 | 1 |
| Total liabilities | 7,042,014 | 36 | 6,323,433 | 33 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 18) | | | | |
| Common shares | 2,693,933 | 14 | 2,693,933 | 14 |
| Capital surplus | 7,363,072 | 38 | 7,634,980 | 40 |
| Retained earnings | | | | |
| Legal reserve | 896,914 | 5 | 786,087 | 4 |
| Special reserve | 64,494 | - | - | - |
| Unappropriated earnings | 2,708,899 | 14 | 2,681,315 | 14 |
| Total retained earnings | 3,670,307 | 19 | 3,467,402 | 18 |
| Other equity | (453,327) | (2) | (64,494) | - |
| Treasury shares | (1,003,629) | (5) | (1,003,629) | (5) |
| Total equity attributable to owners of the Corporation | 12,270,356 | 64 | 12,728,192 | 67 |
| NON-CONTROLLING INTERESTS (Note 18) | 51,800 | - | 31,003 | - |
| Total equity | 12,322,156 | 64 | 12,759,195 | 67 |
| TOTAL | \$ 19,364,170 | 100 | \$ 19,082,628 | 100 |

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

(With Deloitte & Touche audit report dated March 22, 2018)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

| | 2017 | | 2016 | |
|---|-------------------|------------|-------------------|------------|
| | Amount | % | Amount | % |
| OPERATING REVENUES (Notes 4 and 25) | | | | |
| Sales | \$ 12,181,047 | 72 | \$ 11,761,268 | 73 |
| Less: Sales returns and allowances | <u>86,183</u> | - | <u>131,563</u> | <u>1</u> |
| Net sales | 12,094,864 | 72 | 11,629,705 | 72 |
| Service revenue | 4,706,829 | 28 | 4,514,543 | 28 |
| Other operating revenue | <u>72,586</u> | - | <u>66,132</u> | - |
| Total operating revenues | <u>16,874,279</u> | <u>100</u> | <u>16,210,380</u> | <u>100</u> |
| OPERATING COSTS (Notes 4, 11, 19 and 25) | | | | |
| Cost of goods sold | 10,350,367 | 61 | 9,961,443 | 61 |
| Service cost | 1,967,169 | 12 | 1,895,107 | 12 |
| Other operating cost | <u>23,015</u> | - | <u>21,770</u> | - |
| Total operating costs | <u>12,340,551</u> | <u>73</u> | <u>11,878,320</u> | <u>73</u> |
| GROSS PROFIT | 4,533,728 | 27 | 4,332,060 | 27 |
| OPERATING EXPENSES (Notes 17, 19 and 25) | | | | |
| Selling expenses | 3,194,696 | 19 | 3,172,663 | 19 |
| General and administrative expenses | 359,085 | 2 | 420,986 | 3 |
| Research and development expenses | <u>440,821</u> | <u>3</u> | <u>459,143</u> | <u>3</u> |
| Total operating expenses | <u>3,994,602</u> | <u>24</u> | <u>4,052,792</u> | <u>25</u> |
| PROFIT FROM OPERATIONS | <u>539,126</u> | <u>3</u> | <u>279,268</u> | <u>2</u> |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Share of profit of associates (Notes 4 and 14) | 66,479 | 1 | 84,102 | - |
| Interest income (Note 4) | 48,528 | - | 29,965 | - |
| Dividend income (Note 4) | 47,243 | - | 42,918 | - |
| Other income, net | 56,818 | - | 62,455 | - |
| Gain on sale of investments, net (Note 19) | 478,622 | 3 | 1,227,033 | 8 |
| Foreign exchange gain (loss), net (Note 4) | 34,492 | - | (69,545) | - |
| Gain on financial assets at fair value through profit or loss, net (Note 4) | 98,992 | 1 | 115,052 | 1 |
| Interest expense | (32,359) | - | (24,823) | - |
| Other expenses | (4,227) | - | (29,095) | - |
| Gain on disposal of property, plant and equipment, net (Note 4) | 4,229 | - | 17,804 | - |
| Impairment loss on assets (Notes 4 and 19) | <u>(37,783)</u> | - | <u>(489,274)</u> | <u>(3)</u> |
| Total non-operating income and expenses | <u>761,034</u> | <u>5</u> | <u>966,592</u> | <u>6</u> |

(Continued)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

| | 2017 | | 2016 | |
|--|---------------------|------------|---------------------|------------|
| | Amount | % | Amount | % |
| INCOME BEFORE INCOME TAX | \$ 1,300,160 | 8 | \$ 1,245,860 | 8 |
| INCOME TAX EXPENSE (Notes 4 and 20) | <u>127,042</u> | <u>1</u> | <u>155,532</u> | <u>1</u> |
| NET INCOME | <u>1,173,118</u> | <u>7</u> | <u>1,090,328</u> | <u>7</u> |
| OTHER COMPREHENSIVE INCOME (LOSS) | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Remeasurement of defined benefit plans (Notes 4 and 17) | (32,743) | - | (15,384) | - |
| Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 20) | <u>(151)</u> | <u>-</u> | <u>437</u> | <u>-</u> |
| | <u>(32,894)</u> | <u>-</u> | <u>(14,947)</u> | <u>-</u> |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translating foreign operations | (434,475) | (3) | (129,765) | (1) |
| Unrealized gain (loss) on available-for-sale financial assets | (613) | - | 10,428 | - |
| Share of the other comprehensive gain (loss) of associates accounted for using the equity method | <u>47,070</u> | <u>-</u> | <u>(81,450)</u> | <u>(1)</u> |
| | <u>(388,018)</u> | <u>(3)</u> | <u>(200,787)</u> | <u>(2)</u> |
| Other comprehensive loss for the year, net of income tax | <u>(420,912)</u> | <u>(3)</u> | <u>(215,734)</u> | <u>(2)</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 752,206</u> | <u>4</u> | <u>\$ 874,594</u> | <u>5</u> |
| NET INCOME (LOSS) ATTRIBUTABLE TO: | | | | |
| Owners of the Corporation | \$ 1,177,749 | 7 | \$ 1,108,268 | 7 |
| Non-controlling interests | <u>(4,631)</u> | <u>-</u> | <u>(17,940)</u> | <u>-</u> |
| | <u>\$ 1,173,118</u> | <u>7</u> | <u>\$ 1,090,328</u> | <u>7</u> |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO: | | | | |
| Owners of the Corporation | \$ 756,949 | 4 | \$ 892,819 | 5 |
| Non-controlling interests | <u>(4,743)</u> | <u>-</u> | <u>(18,225)</u> | <u>-</u> |
| | <u>\$ 752,206</u> | <u>4</u> | <u>\$ 874,594</u> | <u>5</u> |

(Continued)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2017 | | 2016 | |
|------------------------------|---------------|---|---------------|---|
| | Amount | % | Amount | % |
| EARNINGS PER SHARE (Note 21) | | | | |
| Basic | <u>\$4.79</u> | | <u>\$4.50</u> | |
| Diluted | <u>\$4.79</u> | | <u>\$4.50</u> | |

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

(With Deloitte & Touche audit report dated March 22, 2018)

(Concluded)

SYSTEX CORPORATION AND SUBSIDIARIES
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)**

| | Equity Attributable to Owners of the Corporation (Notes 4 and 18) | | | | | | | | | | | | Non-controlling Interests (Note 18) | Total Equity |
|--|---|------------------------------------|---------------------|---------------------|-------------------|------------------|-------------------------|---------------------|--|---|-----------------------|----------------------|-------------------------------------|----------------------|
| | Share Capital | | | Capital Surplus | Retained Earnings | | | | Other Equity | | | | | |
| | Common Shares | Advance Receipts for Common Shares | Total | | Legal Reserve | Special Reserve | Unappropriated Earnings | Total | Exchange Differences on Translating Foreign Operations | Unrealized Gain (Loss) on Financial Instruments | Treasury Shares | Total | | |
| BALANCE, JANUARY 1, 2016 | \$ 2,687,733 | \$ 650 | \$ 2,688,383 | \$ 8,197,220 | \$ 729,659 | \$ - | \$ 2,317,133 | \$ 3,046,792 | \$ 127,939 | \$ 8,841 | \$ (967,498) | \$ 13,101,677 | \$ 56,026 | \$ 13,157,703 |
| Appropriation of 2015 earnings | - | - | - | - | 56,428 | - | (56,428) | - | - | - | - | - | - | - |
| Legal reserve | - | - | - | - | - | - | (56,428) | - | - | - | - | - | - | - |
| Cash dividends - NT\$2.5 per share | - | - | - | - | - | - | (673,483) | (673,483) | - | - | - | (673,483) | - | (673,483) |
| Change in capital surplus from investments in associates accounted for by using equity method | - | - | - | 58,753 | - | - | - | - | - | - | - | 58,753 | - | 58,753 |
| Distribution in cash of the capital surplus - NT\$2.5 per share | - | - | - | (673,483) | - | - | - | - | - | - | - | (673,483) | - | (673,483) |
| Issuance of common shares for exercised employee stock options | 6,200 | (650) | 5,550 | 11,045 | - | - | - | - | - | - | - | 16,595 | - | 16,595 |
| Net income (loss) for 2016 | - | - | - | - | - | - | 1,108,268 | 1,108,268 | - | - | - | 1,108,268 | (17,940) | 1,090,328 |
| Other comprehensive income (loss) for 2016 | - | - | - | - | - | - | (14,175) | (14,175) | (211,225) | 9,951 | - | (215,449) | (285) | (215,734) |
| Total comprehensive income (loss) for 2016 | - | - | - | - | - | - | 1,094,093 | 1,094,093 | (211,225) | 9,951 | - | 892,819 | (18,225) | 874,594 |
| Acquisition of the Corporation's shares by subsidiaries regarded as treasury share transaction | - | - | - | - | - | - | - | - | - | - | (36,131) | (36,131) | (37,728) | (73,859) |
| Cash dividends received by subsidiaries from the Corporation | - | - | - | 116,457 | - | - | - | - | - | - | - | 116,457 | - | 116,457 |
| Disposal of investments accounted for by using equity method | - | - | - | (83,588) | - | - | - | - | - | - | - | (83,588) | - | (83,588) |
| Changes in percentage of ownership interest in subsidiaries | - | - | - | 8,576 | - | - | - | - | - | - | - | 8,576 | (8,576) | - |
| Increase in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | 39,506 | 39,506 |
| BALANCE, DECEMBER 31, 2016 | <u>2,693,933</u> | <u>-</u> | <u>2,693,933</u> | <u>7,634,980</u> | <u>786,087</u> | <u>-</u> | <u>2,681,315</u> | <u>3,467,402</u> | <u>(83,286)</u> | <u>18,792</u> | <u>(1,003,629)</u> | <u>12,728,192</u> | <u>31,003</u> | <u>12,759,195</u> |
| Appropriation of 2016 earnings | - | - | - | - | 110,827 | - | (110,827) | - | - | - | - | - | - | - |
| Legal reserve | - | - | - | - | - | - | (110,827) | - | - | - | - | - | - | - |
| Special reserve | - | - | - | - | - | 64,494 | (64,494) | - | - | - | - | - | - | - |
| Cash dividends - NT\$3.5 per share | - | - | - | - | - | - | (942,877) | (942,877) | - | - | - | (942,877) | - | (942,877) |
| Change in capital surplus from investments in associates accounted for by using equity method | - | - | - | 54,304 | - | - | - | - | - | - | - | 54,304 | - | 54,304 |
| Distribution in cash of the capital surplus - NT\$1.5 per share | - | - | - | (404,090) | - | - | - | - | - | - | - | (404,090) | - | (404,090) |
| Net income (loss) for 2017 | - | - | - | - | - | - | 1,177,749 | 1,177,749 | - | - | - | 1,177,749 | (4,631) | 1,173,118 |
| Other comprehensive income (loss) for 2017 | - | - | - | - | - | - | (31,967) | (31,967) | (387,405) | (1,428) | - | (420,800) | (112) | (420,912) |
| Total comprehensive income (loss) for 2017 | - | - | - | - | - | - | 1,145,782 | 1,145,782 | (387,405) | (1,428) | - | 756,949 | (4,743) | 752,206 |
| Cash dividends received by subsidiaries from the Corporation | - | - | - | 117,049 | - | - | - | - | - | - | - | 117,049 | - | 117,049 |
| Disposal of investments accounted for by using equity method | - | - | - | (39,171) | - | - | - | - | - | - | - | (39,171) | - | (39,171) |
| Increase in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | 25,540 | 25,540 |
| BALANCE, DECEMBER 31, 2017 | <u>\$ 2,693,933</u> | <u>\$ -</u> | <u>\$ 2,693,933</u> | <u>\$ 7,363,072</u> | <u>\$ 896,914</u> | <u>\$ 64,494</u> | <u>\$ 2,708,899</u> | <u>\$ 3,670,307</u> | <u>\$ (470,691)</u> | <u>\$ 17,364</u> | <u>\$ (1,003,629)</u> | <u>\$ 12,270,356</u> | <u>\$ 51,800</u> | <u>\$ 12,322,156</u> |

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

(With Deloitte & Touche audit report dated March 22, 2018)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

| | 2017 | 2016 |
|---|----------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 1,300,160 | \$ 1,245,860 |
| Adjustments for : | | |
| Depreciation expenses | 114,811 | 130,915 |
| Amortization expenses | 43,620 | 61,760 |
| Provision for allowance for doubtful accounts | 6,057 | 18,811 |
| Gain on financial assets at fair value through profit or loss, net | (98,992) | (115,052) |
| Interest expense | 32,359 | 24,823 |
| Interest income | (48,528) | (29,965) |
| Dividend income | (47,243) | (42,918) |
| Share of profit of associates | (66,479) | (84,102) |
| Gain on disposal of property, plant and equipment, net | (4,229) | (17,804) |
| Gain on sale of non-current assets held for sale | (193,003) | - |
| Gain on sale of investment, net | - | (859) |
| Gain on sale of investments accounted for using equity method | (257,467) | (1,168,277) |
| Impairment loss on financial assets | 4,129 | 174,051 |
| Impairment loss on non-financial assets | 33,654 | 315,223 |
| Write-down of inventories | 12,731 | 78,285 |
| Unrealized loss (gain) on foreign currency exchange, net | 8,982 | (5) |
| Changes in operating assets and liabilities | | |
| (Increase) decrease in financial assets held for trading | (328,122) | 1,078,598 |
| Decrease in notes receivable | 2,742 | 7,426 |
| (Increase) decrease in accounts receivable | (52,500) | 86,031 |
| Decrease in other receivables | 17,889 | 93,565 |
| Increase in inventories | (504,184) | (527,021) |
| (Increase) decrease in prepayments | (5,995) | 10,187 |
| Increase in other current assets | (10,066) | (10,024) |
| Increase in notes and accounts payable | 253,029 | 148,228 |
| Increase in other payables | 13,227 | 148,269 |
| Increase in receipts in advance | 208,421 | 42,695 |
| Increase (decrease) in other current liabilities | 50,410 | (8,285) |
| Decrease in net defined benefit liabilities | (15,485) | (9,118) |
| Cash generated from operations | 469,928 | 1,651,297 |
| Interest paid | (32,258) | (24,089) |
| Income tax paid | (218,027) | (132,989) |
| Net cash generated from operating activities | <u>219,643</u> | <u>1,494,219</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of debt investments with no active market | (32,705) | (548,836) |
| Proceeds on sale of held-to-maturity financial assets | - | 52,112 |
| Acquisition of financial assets measured at cost | (88,465) | (43,212) |
| Proceeds on sale of financial assets measured at cost | - | 2,478 |
| Return of capital from capital reduction and liquidation of financial assets measured at cost | 7,064 | 671 |

(Continued)

SYSTEX CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

| | 2017 | 2016 |
|---|---------------------|---------------------|
| Acquisition of investments accounted for using equity method | \$ (33,600) | \$ - |
| Proceeds on sale of investments accounted for using equity method | 344,010 | 1,361,442 |
| Proceeds on sale of non-current assets held for sale | 275,370 | - |
| Payments for property, plant and equipment | (61,655) | (93,448) |
| Proceeds on disposal of property, plant and equipment | 13,530 | 36,039 |
| Increase in refundable deposits | (56,507) | (21,704) |
| Payments for intangible assets | (16,360) | (41,179) |
| Proceeds on disposal of intangible assets | - | 160 |
| Decrease in long-term receivables | 49,251 | 38,409 |
| (Increase) decrease in pledged time deposits | (7,973) | 17,893 |
| Increase in time deposits with original maturity of more than 3 months | (268,614) | (85,931) |
| Increase in other non-current assets | (4,732) | (2,692) |
| Interest received | 45,024 | 24,136 |
| Dividends received | 47,341 | 42,949 |
| Dividends received from associates | 31,057 | 42,430 |
| Distribution in cash of the capital surplus received from financial assets measured at cost | <u>-</u> | <u>75</u> |
| Net cash generated from investing activities | <u>242,036</u> | <u>781,792</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Increase in short-term loans | 441,084 | 462,229 |
| Increase (decrease) in guarantee deposits received | 420 | (684) |
| Dividends paid | (942,877) | (673,483) |
| Proceeds from exercise of employee stock options | - | 16,595 |
| Payments for buy-back of common shares | - | (73,859) |
| Increase in non-controlling interests | 25,540 | 39,506 |
| Cash dividends received by subsidiaries from the Corporation | 117,049 | 116,457 |
| Distribution in cash from the capital surplus | <u>(404,090)</u> | <u>(673,483)</u> |
| Net cash used in financing activities | <u>(762,874)</u> | <u>(786,722)</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | | |
| | <u>(235,852)</u> | <u>(49,648)</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (537,047) | 1,439,641 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | | |
| | <u>4,245,282</u> | <u>2,805,641</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 3,708,235</u> | <u>\$ 4,245,282</u> |

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

(With Deloitte & Touche audit report dated March 22, 2018)

(Concluded)

Attachment 3

Audit Committee's Review Report

The Board of Directors has prepared and submitted the 2017 business report, financial statements, and earnings distribution proposal, of which the financial statements have been audited by Deloitte. These have been reviewed by the Audit Committee as correctly portraying SYSTEX's business activities. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219, 208 of the Company Act, this report is submitted for your examination.

System Corporation
Audit Committee Convener:

Huang, Jih-Tsan

March 22, 2018

Attachment 4

System Corporation
Earnings Distribution Proposal
December 31, 2017

Unit: NTD

| Items | Amount | |
|--|---------------|-----------------|
| | Subtotal | Total |
| Beginning unappropriated earnings | | 1,563,116,825 |
| Adjustment for investments accounted for using equity method | (2,484,994) | |
| Remeasurement on net defined benefit plan | (29,482,000) | |
| Add: Net income of 2017 | 1,177,748,998 | |
| Earnings available for distribution | | 2,708,898,829 |
| Distribution items | | |
| Legal reserve | (117,774,899) | |
| Special reserve | (388,833,163) | |
| Cash dividends (NT\$2.5/per share) | (673,483,260) | |
| Total distribution | | (1,180,090,322) |
| Ending unappropriated earnings | | 1,528,808,507 |

| | |
|--------------------|------------------|
| Chairman | Huang, Tsong-Jen |
| President | Lin, Lung-Fen |
| Accounting Manager | Cheng, Yuan-Yih |

Appendix 1

Systemx Corporation

Rules and Procedures for Shareholders' Meetings

Article 1: Unless otherwise stipulated by law, shareholders' meetings of the Company shall proceed according to these Rules and Procedures.

Article 2: The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters of attention.

The time period during which attendance registration of shareholders shall be accepted as specified in the preceding paragraph shall be implemented in accordance with the regulations of the competent authority. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel shall be assigned to handle the registrations.

Shareholders and their proxies (hereinafter collectively referred to as "shareholders") shall attend shareholders meetings upon presentation of attendance cards, sign-in cards, or other certifications. Solicitors soliciting proxy forms shall also bring identification documents for verification.

Attendance books shall be provided at the shareholders' meetings of the Company and shall be signed by the shareholders (or proxies) present. Alternatively, shareholders (or proxies) attending the meeting shall submit an attendance card for the purpose of signing in.

The number of shares in attendance shall be calculated according to the shares registered in the attendance book and attendance cards handed in.

Article 3: The attendance and votes of a shareholders' meeting shall be calculated based on the number of shares represented by shareholders present at the meeting.

Article 4: Shareholders' meetings of the Company shall take place in a location suitable for convening a shareholders' meeting within the county or city of the head office and convenient for shareholders to attend. The commencement time for the meeting shall not be earlier than 9:00 AM or later than 3:00 PM.

Article 5: Unless otherwise provided in the Company Act, the Chairman of the Board shall chair shareholders' meetings. In the event the Chairman is on leave or unable to exercise his/her authority, the Vice Chairman, if available, shall act on his/her behalf. In the absence of a Vice Chairman or the Vice Chairman is also on leave or unable to exercise his/her authority, the Chairman shall designate a Managing Director to act on his/her behalf. In the absence of Managing Directors, a Director shall be designated. If none has been designated by the Chairman, a Managing Director or Director shall be elected to act on the Chairman's behalf from among all Managing Directors and

Directors of the Company.

When a Managing Director or a Director serves as chair as referred to in the preceding paragraph, the Managing Director or Director shall be an individual who has held said position for a period specified by the competent authority and who possesses adequate knowledge of the Company's financial and business conditions. The same shall apply to representatives of corporate directors serving as chair.

Article 6: The Company may appoint lawyers, certified public accountants, or relevant personnel retained by the Company to be present at shareholders' meetings.

Staff handling administrative affairs of the shareholders' meeting shall wear identification badges or arm-bands.

Article 7: The Company, starting from the time it begins accepting shareholder attendance registrations, shall undertake audio and video recordings of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials as specified the preceding paragraph shall be retained for at least 1 year.

Article 8: The chair shall announce the commencement of the meeting at the stipulated time. However, if shareholders (or proxies) representing more than one-half of the total number of issued shares are not present at the meeting, the chair may postpone the meeting. The postponements shall be limited to two times at maximum and total aggregate delay shall be no longer than 1 hour. If after two postponements the number of shareholders (or proxies) present is still insufficient, whereas at least one third of total issued shares are represented at the meeting, tentative resolutions may be adopted in accordance with Article 175, Paragraph 1 of the Company Act. If during the process of the meeting the number of issued shares represented by the shareholders (or proxies) present are sufficient to constitute the quorum, the chair may submit the tentative resolutions to the meeting for approval in accordance with Article 174 of the Company Act.

Article 9: The agenda of the meeting shall be formulated by the Board of Directors. Unless otherwise resolved at the meeting by shareholders, the meeting shall proceed in accordance with the agenda.

Unless by the resolution of the shareholders' meeting, the chair may not declare the meeting ended until all items on the agenda (including extempore motions) stipulated in the preceding paragraph have been completed.

If the chair violates the rules of procedure and declares the adjournment of the shareholders' meeting, one person may be elected chair with the consent of one half of the votes represented by shareholders present to resume the meeting.

The shareholders cannot designate any other person as chair and resume the meeting in the same or another place after the meeting is adjourned.

Article 10: When a shareholder (or proxy) present at the meeting wishes to speak, a speech note shall be filled out specifying the summary of the statement, the shareholder's account number (or the number on their attendance card) and the name of the shareholder. The sequence of shareholder statements shall be decided by the chair.

A shareholder (or proxy) present at the meeting that merely submits a speech note without speaking is considered not to have spoken. If the shareholder's actual comments differ from those stated on the speech note, only the actual comments expressed shall be recorded.

Unless consent has been given by the chair and the speaking shareholder, other shareholders may not speak to interrupt when a shareholder is speaking; otherwise the chair shall prohibit the interruption.

Article 11: Unless permitted by the chairperson, no shareholder (or proxy) may speak more than twice regarding the same proposal, and shall not speak for more than five minutes each time.

If a shareholder violates the rules outlined in the preceding paragraph or goes beyond the scope of proposals in speaking, the chair may prohibit him/her from making further statements.

Article 12: If a corporate shareholder is commissioned to attend a shareholders' meeting, the corporate shareholder may only designate one representative to attend the meeting.

In the event a corporate shareholder assigns two or more representatives to attend the shareholders' meeting, only one of the representatives may speak on any single agenda item.

Article 13: Upon the speech of a shareholder, the chairman may respond in person or appoint an appropriate person to respond.

Article 14: When the chairman considers that a matter has been sufficiently discussed to qualify for a vote, the chairman may announce the discussion closed and bring the matter to a vote.

Article 15: The Chairman shall appoint ballot examiners, ballot counters another members of staff for processing proposal votes; ballot examiners must however be shareholders.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the venue where the shareholders' meeting is being held. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of numbers of votes, shall be announced on-site at the meeting, and a record shall be made of the vote.

The election of Directors at a shareholders meeting shall be held in

accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as Directors and the numbers of votes with which they were elected.

Article 16: During the meeting, the chair may, at his/her discretion, allocate and announce intermissions.

Article 17: Unless otherwise specified in the Company Act or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the shareholders (or proxies) present at the meeting.

In voting, a proposal is considered approved if the chair receives no dissenting opinions after requesting, which has the same effect as voting by ballot.

Article 18: Where there is an amendment or an alternative to a proposal, the chairperson shall determine the order in which they are to be voted on with the original proposal. If any resolution has been reached, alternative proposals shall be treated as rejected and not be voted on separately.

Article 19: The chairman may direct the proctors (or security guards) to assist in maintaining order of the meeting venue. While maintaining order in the meeting, all proctors or security staff shall wear arm bands reading "Proctor."

Article 20: These Rules and Procedures shall come into force after the approval of the Board of Directors and ratification in the shareholders' meeting. The same procedures shall apply for future amendments.

These Rules and Procedures were established on April 12, 2001, the 1st Amendment on March 28, 2002, and the 2nd Amendment on June 21, 2013.

Appendix 2

Systemex Corporation Articles of Incorporation

Chapter I General Provisions

Article 1: The Company is constituted in accordance with the Company Act, and shall be known as Systemex Corporation.

Article 2: The Company shall engage in the following businesses:

- 1.F113050 Wholesale of Computing and Business Machinery Equipment
- 2.F118010 Wholesale of Computer Software
- 3.F113070 Wholesale of Telecom Instruments
- 4.F113020 Wholesale of Household Appliance
- 5.F113110 Wholesale of Batteries
- 6.F119010 Wholesale of Electronic Materials
- 7.E605010 Computing Equipments Installation Construction
- 8.JA02010 Electric Appliance and Audiovisual Electric Products Repair Shops
- 9.J399010 Software Publication
- 10.IG02010 Research Development Service
- 11.I599990 Other Designing
- 12.JZ99050 Agency Services
- 13.F113030 Wholesale of Precision Instruments
- 14.E603050 Cybernation Equipments Construction
- 15.F401010 International Trade
- 16.I301010 Software Design Services
- 17.I301020 Data Processing Services
- 18.I301030 Digital Information Supply Services
- 19.F213030 Retail sale of Computing and Business Machinery Equipment
- 20.F218010 Retail Sale of Computer Software
- 21.F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
- 22.G902011 Type II Telecommunications Enterprise
- 23.E701010 Telecommunications Construction
- 24.F213060 Retail Sale of Telecom Instruments
- 25.F399040 Retail Business Without Shop
- 26.F601010 Intellectual Property
- 27.IE01010 Telecommunications Number Agencies
- 28.I103060 Management Consulting Services
- 29.JE01010 Rental and Leasing Business
- 30.I401010 General Advertising Services
- 31.IZ99990 Other Industry and Commerce Services Not Elsewhere Classified

- 32.J304010 Book Publishers
- 33.F401021 Restrained Telecom Radio Frequency Equipments and Materials
Import
- 34.J303010 Magazine and Periodical Publication
- 35.J305010 Audio Tape and Record Publishers
- 36.J201031 Technique and Performing Arts Training
- 37.I501010 Product Designing
- 38.I199990 Other Consultancy
- 39.CC01101 Restrained Telecom Radio Frequency Equipments and Materials
Manufacturing
- 40.F108031 Wholesale of Drugs, Medical Goods
- 41.F208031 Retail sale of Medical Equipments
- 42.CC01110 Computers and Computing Peripheral Equipments Manufacturing
- 43.CC01120 Data Storage Media Manufacturing and Duplicating
- 44.CC01060 Wired Communication Equipment and Apparatus Manufacturing
- 45.CC01030 Electric Appliance and Audiovisual Electric Products Manufacturing
- 46.CC01080 Electronic Parts and Components Manufacturing
- 47.CB01010 Machinery and Equipment Manufacturing
- 48.C701010 Printing
- 49.C703010 Printings Bindery and Processing
- 50.F113010 Wholesale of Machinery
- 51.IZ13010 Internet Identify Services
- 52.EZ05010 Apparatus Installation Construction
- 53.E701030 Restrained Telecom Radio Frequency Equipments and Materials
Construction
- 54.E601010 Electric Appliance Construction
- 55.F102170 Wholesale of Food and Grocery
- 56.F104110 Wholesale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel,
Clothing Accessories and Other Textile Products
- 57.F105050 Wholesale of Furniture, Bedclothes Kitchen Equipment and Fixtures
- 58.F109070 Wholesale of Stationery Articles, Musical Instruments and
Educational Entertainment Articles
- 59.F203010 Retail sale of Food and Grocery
- 60.F204110 Retail sale of Cloths, Clothes, Shoes, Hat, Umbrella and Apparel,
Clothing Accessories and Other Textile Products
- 61.F205040 Retail sale of Furniture, Bedclothes, Kitchen Equipment and
Fixtures
- 62.F208050 Retail Sale of the Second Type Patent Medicine
- 63.F102020 Wholesale of Edible Oil
- 64.F102040 Wholesale of Nonalcoholic Beverages

- 65.F102050 Wholesale of Tea
- 66.F102180 Wholesale of Ethanol
- 67.F103010 Wholesale of Animal Feeds
- 68.F106010 Wholesale of Ironware
- 69.F106020 Wholesale of Articles for Daily Use
- 70.F107030 Wholesale of Cleaning Preparations
- 71.F107070 Wholesale of Animal Medicines
- 72.F108040 Wholesale of Cosmetics
- 73.F110010 Wholesale of Clocks and Watches
- 74.F110020 Wholesale of Spectacles
- 75.F114030 Wholesale of Motor Vehicle Parts and Supplies
- 76.F116010 Wholesale of Photographic Equipment
- 77.F117010 Wholesale of Fire Fighting Equipments
- 78.F203030 Retail Sale of Ethanol
- 79.F206010 Retail Sale of Ironware
- 80.F206020 Retail Sale of Articles for Daily Use
- 81.F206050 Retail of pet food and appliances
- 82.F207030 Retail Sale of Cleaning Preparations
- 83.F207070 Retail Sale of Animal Medicine
- 84.F208040 Retail Sale of Cosmetics
- 85.F210010 Retail Sale of Watches and Clocks
- 86.F210020 Retail Sale of Spectacles
- 87.F213010 Retail Sale of Household Appliance
- 88.F213110 Retail Sale of Batteries
- 89.F216010 Retail Sale of Photographic Equipment
- 90.F219010 Retail Sale of Electronic Materials
- 91.F301010 Department Stores
- 92.I301040 the third party payment
- 93.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: The Company may provide external guarantees.

Article 2-2: The Company's total external investment may exceed forty percent (40%) of its paid-in capital.

Article 3: The Company's head office is established in Taipei City. Where necessary the Company may establish branch companies domestically or overseas subject to the resolution by its Board of Directors and the approval of the competent authority.

Chapter II Shares

Article 4: The total capital of the Company shall be in the amount of NT\$4 billion divided into 400 million shares to be raised in multiple issues at NT\$10 per share.

An additional NT\$200 million shall be reserved from the total capital as specified in Paragraph 1 for the issuance of employee stock options issuable in 20 million shares at NT\$10 per share over multiple installments in accordance with the Board of Directors resolution.

Before issuing any employee stock options at a strike price lower than the closing price of the Company's stocks on the date of issuance, the Company shall first obtain the agreement of at least two-thirds of the voting rights present at the shareholders' meeting attended by shareholders representing a majority of total issued shares, and may issue the stock options in installments within a year of the date of resolution in the shareholders' meeting. Other conditions or restrictions on employee stock options issued in accordance with the provisions described above shall be processed in accordance with related laws and regulations.

Before transferring shares to employees at a price lower than the average of the actual repurchase price, the Company shall first obtain the agreement of at least two-thirds of the voting rights present at the most recent shareholders' meeting attended by shareholders representing a majority of total issued shares.

Article 5: Stocks of the Company shall be registered, signed or sealed by at least three Directors. The stocks shall be issued after proper certification by the competent authority or its authorized registration institutes. Stocks issued by the Company are not required to be printed. The Company, however, shall contact the centralized securities depository enterprise institution for registration or depository of the share certificates for the stocks or shares issued in accordance with this Paragraph.

Article 6: The Company shall administer all the stock-related operations in accordance with the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority. The competent authority may request consolidated issuance of securities with large nominal value.

Chapter III Shareholders' Meeting

Article 7: Registration for the transfer of shares shall be suspended for 60 days before a general shareholders' meeting, for 30 days before an extraordinary shareholders' meeting, and for 5 days before the baseline date for distributing dividends, bonus or other benefits. The above periods shall be calculated from the date of the meeting or the baseline date.

- Article 8: The Company holds general and provisional shareholders' meetings. A general meeting is convened once a year within six months after the end of a fiscal year. Extraordinary meetings are convened when necessary in accordance with the law. The shareholders' meeting shall be held in accordance with the Company's "Rules and Procedures for Shareholders' Meetings."
- Article 9: All shareholders shall be informed of the meeting and agenda 30 days before a general meeting or 15 days before an extraordinary meeting is convened.
- Article 10: A shareholder, if unable to attend the shareholders' meeting, may appoint a proxy to attend on the shareholder's behalf by executing a power of attorney and stating therein the scope of power authorized to the proxy. The authorization shall be processed in accordance with Article 177 of the Company Act.
- Article 11: A shareholders' meeting convened by the Board of Directors shall be chaired by the Chairman. If the Chairman is on leave or unable to exercise powers, the acting chair shall be selected in accordance with Article 208, Paragraph 3 of the Company Act. If a shareholders' meeting is convened by an individual with the right to convene a meeting but who is not a member of the Board of Directors, the said individual shall chair the meeting. If two or more individuals have the right to convene the meeting, one shall be elected from those eligible to chair the meeting.
- Article 12: Unless otherwise regulated by the Company Act, a shareholders' meeting resolution shall be passed when more than 50% of all outstanding shares are represented in the meeting, and voted in favor by more than 50% of all voting rights represented at the meeting.
- Article 12-1: A proposal to cancel the public issuance of the Company's shares shall be filed for a resolution in the shareholders' meeting.
- Article 13: Each shareholder of the Company shall be entitled to one vote for each share. No voting power shall be granted, however, to Company shares prescribed in Article 179 of the Company Act.
- Article 14: Shareholders' meeting resolutions shall be compiled into minutes with details including the date and place of the meeting, the name of Chairman, method of resolution, and a summary of the essential points of meeting proceedings and results. The minutes shall be signed or sealed by the Chair. The minutes described in the previous paragraph shall be retained by the Company along with the attendance cards and power of attorney letters for proxies of shareholders in attendance. The minutes shall be distributed to each shareholder within 20 days of the meeting. The minutes may be distributed in announcements.

Chapter IV Directors

Article 15: The Company shall appoint nine to thirteen Directors who shall be elected from among the shareholders with capacity at the shareholders' meeting in accordance with the provisions stipulated in Articles 198 and 227 of the Company Act to serve terms of three years each; directors may serve consecutive terms. The election of Directors is held by nomination in accordance with Article 192-1 of the Company Act, and the shareholders shall vote on the list of candidates. Unless otherwise approved by the competent authority, the following relations may not exist among more than half of the directors of the Company.

I. A spousal relationship.

II. Familial relationship within the second degree of kinship.

Article 15-1: The Company shall appoint three Independent Directors among the Directors of the Board in accordance with Article 14-2 of the Securities and Exchange Act and in compliance with Article 183 of the Securities and Exchange Act. The selection of Independent Directors shall be conducted in accordance with the candidate nomination system prescribed in Article 192-1 of the Company Act. The Company shall assemble an Audit Committee in accordance with Article 14-4 and Article 183 of the Securities and Exchange Act. The Committee shall be solely composed of Independent Directors.

Article 16: The Directors shall form a Board of Directors, under which functional committees with various duties and purposes may be established. The Chairman of the Board shall be elected from among those present by a majority vote at a Board meeting with more than two-thirds of the directors present. A Vice Chairman may be elected to assist the Chairman. The Chairman is the Chair of the Board of Directors and represents the Company in conducting all affairs. If the Chairman is on leave or unable to exercise his/her duties for whatever reason, a proxy shall be selected in accordance with Article 208, Paragraph 3 of the Company Act.

Article 17: A Board meeting may be convened through written, email or facsimile notification that states the reason for the meeting to each Director and Supervisor at least seven days before the meeting date. A meeting of the Board of Directors may be convened at any time in the event of an emergency. Directors who participate in meetings via video conferencing shall be deemed to have personally attended the meeting. The Board of Directors meeting shall be held in accordance with the Company's "Rules and Procedures for Board of Directors Meetings." If a Director is unable to attend a Board meeting, he/she may appoint a proxy to attend the meeting by completing the Company's proxy form and specifying the scope of delegation. Any proxy prescribed in the preceding paragraph, however, shall only represent one Director in the meeting.

Article 18: Unless otherwise provided for under the Company Act, resolutions of the Board of Directors shall be approved by majority vote at a meeting attended by a majority of the Directors.

Article 19: Remuneration for the Chairman and Directors shall be determined by their level of participation in the Company's operations and the value of their contribution as well as their personal performance and the Company's long-term operating performance while taking into account the Company's operating risks and the industry's prevailing rates in the domestic and international markets.

The Board of Directors is authorized to determine the remuneration. The Company may purchase liability insurance for Directors.

Chapter V Managers

Article 20: The Company may appoint a Chief Executive Officer following a resolution in the Board of Directors meeting to oversee the business operations and strategies of the Company and its subsidiaries. The Company shall also appoint a President whose appointment, dismissal, and remuneration shall be governed by Article 29 of the Company Act.

Chapter VI Accounting

Article 21: The Company's fiscal year begins on January 1 and ends on December 31 of every year. The fiscal year shall end on the last day of the Gregorian calendar and the Board shall prepare the following documents and submit them to the Audit Committee for review before ratification in the General Shareholders' Meeting.

(I) Business report.

(II) Financial Statements.

(III) Distribution of earnings or loss offsetting proposals.

Article 22: In response to the overall economy and the characteristics of industry growth and in compliance with the Company's long-term financial plans for sustainable operations and stable development, the Company adopts a residual dividend policy. The policy mainly assesses the annual funding requirements based on the Company's future capital budget plans and retains required funding from earnings before distributing remaining earnings as dividend. The distribution procedures are as follows:

(I) The optimal capital budget is determined.

(II) The amount of capital required to satisfy the capital budget in paragraph (I) is determined.

(III) The amount of funding required for financing to be supported by the retained earnings (the remaining can be supported through cash capital

increase or corporate bonds etc.) is determined.

(IV) An appropriate amount of the remaining earnings shall be retained in accordance with operational requirements before distributing dividends to shareholders.

The Company distributes dividends through cash or stocks and cash dividends are prioritized. If dividends are distributed in stocks, the stock dividends shall not exceed 50% of the total dividends issued in the current year. The distribution of dividends may be dependent on the Company's current and future investment environment, funding requirements, domestic and foreign competition, and capital budgets while taking into consideration shareholder interests, balanced dividends, and the Company's long-term financial plans. The Board of Directors shall formulate dividend distribution methods or related options in accordance with the law and submit them to the shareholders' meeting for discussion and resolution.

Article 23: In the event the Company makes a profit during the fiscal year it shall set aside no less than 0.1% of the profits for employee remuneration. The remuneration for Directors shall be no higher than 2%. However, priority shall be given to reservation of funds for compensation of cumulative losses, if any.

The preceding employee remuneration may be paid in cash or shares, and shall be payable to employees of subsidiary companies who meet the requirements stipulated by the Board of Directors. Remuneration of directors as specified above may be distributed in cash only.

The procedures in the two preceding paragraphs shall be approved by the Board of Directors and reported to the shareholders' meeting.

Article 23-1: Any net income after taxes at final accounting of the current period shall be used to compensate cumulative losses while 10% of net income after taxes shall be allocated as statutory reserve according to the law, except when the cumulative statutory reserve has reached the Company's paid-in capital. The balance shall then be allocated or reversed as special reserve in accordance with regulatory requirements. The remaining balance shall be retained or distributed in accordance with the resolution in the shareholders' meeting.

Chapter VII Supplementary Provisions

Article 24: Matters not addressed in these Articles shall be governed by the Company Act and other relevant laws and regulations.

Article 25: The Articles of Incorporation were established on Dec. 26, 1996.

The 1st Amendment was approved by the shareholders' meeting on June 23, 1998, the 2nd Amendment on May 6, 1999, the 3rd Amendment on April 18, 2000, the 4th Amendment on April 12, 2001, the 5th Amendment on October 2, 2001, the 6th Amendment on March 28, 2002, the 7th Amendment on April 22,

2003, the 8th Amendment on April 14, 2004, the 9th Amendment on June 24, 2004, the 10th Amendment on May 18, 2005, the 11th Amendment on June 15, 2006, the 12th Amendment on June 13, 2007, the 13th Amendment on June 13, 2008, the 14th Amendment on June 18, 2010, the 15th Amendment on June 24, 2011, the 16th Amendment on June 15, 2012, the 17th Amendment on June 17, 2015, and the 18th Amendment on June 17, 2016.

The Articles of Incorporation were implemented after approval in accordance with laws and regulations.

Appendix 3

System Corporation Shareholdings of Directors

1. The Company discloses the shares held by Directors in the shareholder's register as of April 17, 2018 as the table shown below.
2. Legal holding of all directors in number of shares: 12,000,000 shares

| Title | Name | Date Elected | Term (Years) | Shareholdings when Elected | | Current Shareholdings | |
|----------------------|--|--------------|--------------|----------------------------|------|-----------------------|------|
| | | | | Shares | % | Shares | % |
| Chairman | Huang, Tsong-Jen | 2016.06.17 | 3 | 20,755,750 | 7.70 | 20,755,750 | 7.70 |
| Director | Lin, Lung-Fen | 2016.06.17 | 3 | 1,374,762 | 0.51 | 1,324,762 | 0.49 |
| Director | Cheng, Deng-Yuan | 2016.06.17 | 3 | 263,152 | 0.10 | 208,152 | 0.08 |
| Director | Lu, Ta-Wei | 2016.06.17 | 3 | 765,656 | 0.28 | 415,656 | 0.15 |
| Director | Shaw, Shung-Ho | 2016.06.17 | 3 | 861,475 | 0.32 | 945,475 | 0.35 |
| Director | Hsieh, Chin-Ho | 2016.06.17 | 3 | 20,000 | 0.01 | 20,000 | 0.01 |
| Director | Huang, Ting-Rong | 2016.06.17 | 3 | 242,152 | 0.09 | 242,152 | 0.09 |
| Director | Huang, Chi-Rong | 2016.06.17 | 3 | 633,780 | 0.24 | 633,780 | 0.24 |
| Director | Huang, Yi-Shiung (Representative of Joway Investment Co., Ltd.) | 2016.06.17 | 3 | 482,309 | 0.18 | 482,309 | 0.18 |
| Director | Lin, Chih-Min (Representative of Joway Investment Co., Ltd.) | 2016.06.17 | 3 | 482,309 | 0.18 | 482,309 | 0.18 |
| Independent Director | Huang, Jih-Tsan | 2016.06.17 | 3 | 0 | 0 | 0 | 0 |
| Independent Director | Cheng, Huang-Yen | 2016.06.17 | 3 | 0 | 0 | 0 | 0 |
| Independent Director | Cheng, Wen-Feng | 2016.06.17 | 3 | 0 | 0 | 0 | 0 |
| Total | | | | 25,399,036 | 9.43 | 25,028,036 | 9.29 |

SYSTEX CORPORATION

No.318, Ruiguang Rd., Neihu Dist., Taipei City 114, Taiwan

Tel +886-2-7720-1888

www.system.com